

Fashion drives juvenile products  
Housewares: Clocks keep ticking

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# Chain Store Age

GENERAL MERCHANDISE TRENDS

NOVEMBER

1986

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## Holiday spending should be strong

Compact disc players hit a sour note in the latest *Chain Store Age* MarkeTrends poll. For the first time in the two years that CSA has been tracking the category, the number of households which say they expect to buy a CD player is below the number which report that they already bought one this year.

While buying intentions in the

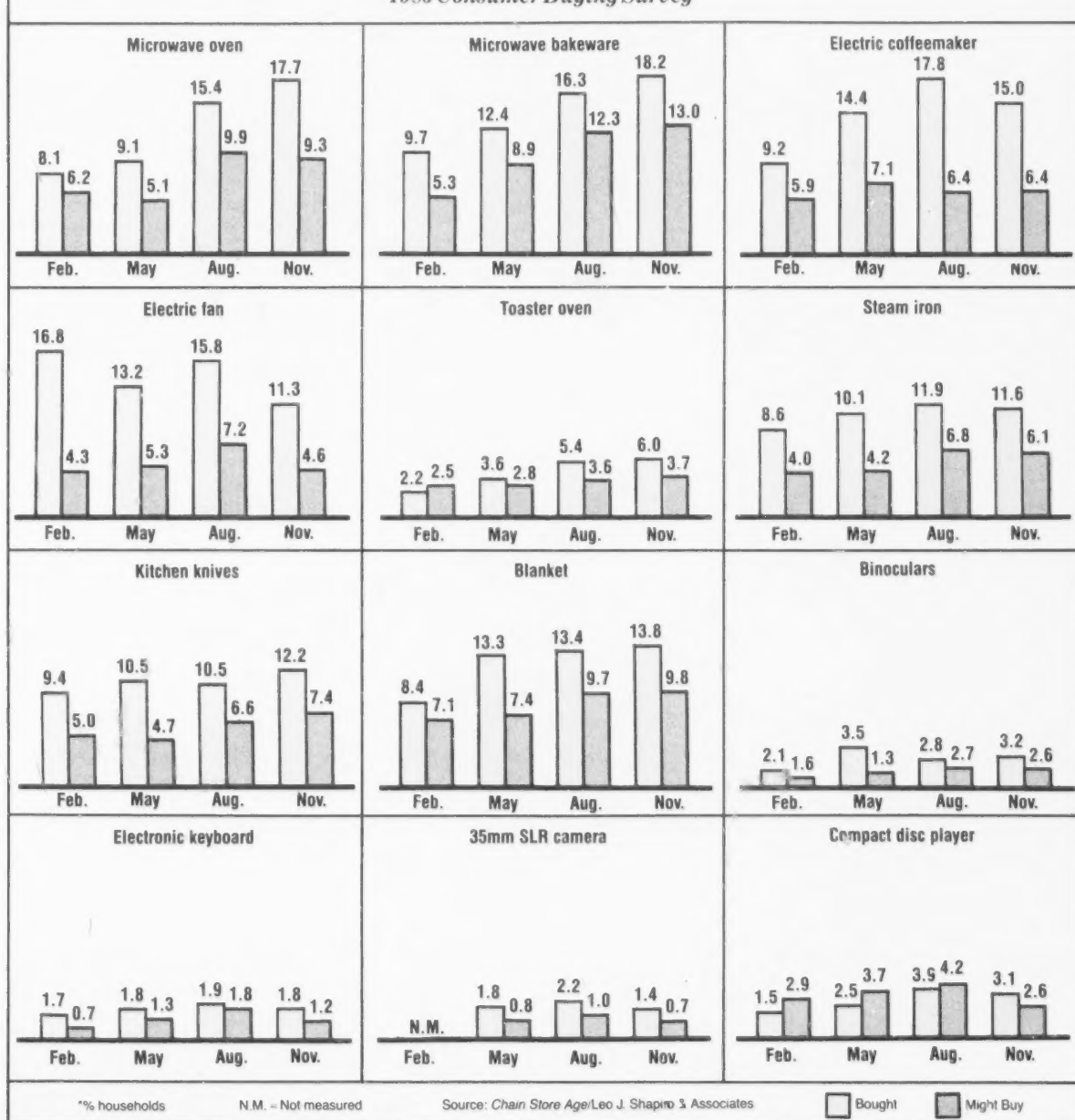
survey usually run below actual purchases (often by as much as one-half), the most recent readings for digital audio disc players suggest that the CD's meteoric two-year growth path has finally leveled off. If consumers hold true to their buying plans, sales of CD players in 1987 will increase by only 4%-5%.

The first hints of trouble for re-

tailers came in late summer, when a number of possibly over-inventoried electronics specialists began promoting some compact disc players at as little as \$89 and \$99. If a glut indeed has developed, it could prove a boon for customers, but at the expense of retailer profits.

Though the outlook for compact disc players might prove less roseey than originally thought, consumers in the *CSA* MarkeTrends poll are going into the holiday selling season with some pretty hefty shopping

1986 Consumer Buying Survey\*



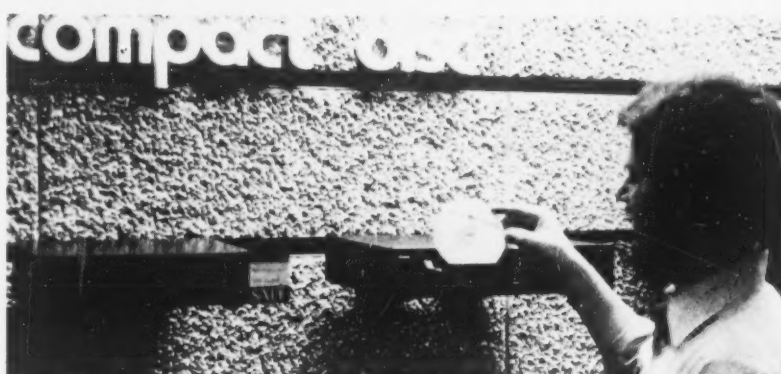
lists.

Compared to a year ago, the number of households which report that they expect to buy a microwave oven is running 60% ahead of 1985 totals. Microwave bakeware is recording consumer interest levels 124% above last year's figures.

Even though most consumers in the CSA MarkeTrends survey view the microwave as a device simply for applying quick heat to food, and not as a major piece of cooking equipment, the poll reveals that customers do not want stripped-down models.

Second-time buyers especially are shopping for feature-laden ovens. The combination of high customer buying plans and high feature expectations holds the potential for making microwaves a good Christmas profit center.

Also showing strength going into the final quarter are electric coffee-makers (up 68% over last November's customer buying plans), toaster ovens (+54%), steam irons



*Low CD player buying plans may reflect a slowdown in product demand.*

(+97%), and kitchen knives and cutlery (+118%). Among housewares products tracked in the current poll, only electric fans, are recording a decrease from last year's figures, down 6%.

Despite the phenomenal success of autofocus 35mm SLRs in the last year, the latest CSA MarkeTrends poll once again indicates that the popular feature is not grow-

ing the market for SLRs themselves.

However, Minolta, which was the first to introduce an autofocus SLR, is building on its Maxxum success with binoculars, another growing category. Maxxum has raised Minolta's consumer awareness, and retail buyers report that customers are now requesting other Minolta products, including binoculars. □

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# DISCOUNTERS GROWING IN MARKET SHARE OF VCR'S

Consumers are shifting buying intentions to the discount store. Shoppers expect to pay less without sacrificing quality and features.

**W**ho makes the best VCRs? If measured by unit sales, the winners are Panasonic, RCA, Sony, Sharp and Zenith. According to an exclusive *Chain Store Age* MarkeTrends study, the top five brands account for about half (49.1%) of all video cassette recorders in American homes. Currently, 38% of households report that they own a VCR, and of those, 2% say they have more than one.

But if customer satisfaction is judged by the number of consumers who say they would buy the same brand the next time out, a wholly different list emerges.

Among the best selling brands—which also include Sears, G.E., JVC, Quasar, Fisher and Toshiba—customers report the greatest satisfaction with Toshiba, a brand which so far has garnered only a miniscule market share. Following are Panasonic, RCA, JVC and Quasar.

Customers show the least brand loyalty to Sharp, Fisher and Sears, according to the poll.

Bad word of mouth—if indeed it occurs—could bring some trouble both for Sears and Sharp. Sears holds sixth place in the number of VCRs already sold, but falls to a tie for ninth as the brand choice among all consumers contemplating a purchase. Sharp falls from fourth to sixth. Fisher emerges unscathed and actually jumps in market share from 10th to a strong third.

Already, Sears has taken some steps to limit its potential losses, and the *CSA* MarkeTrends poll gives a good indication as to why. Earlier this year, it began adding RCA video cassette recorders to its home electronics department, and now Sears will begin selling Goldstar VCRs. Goldstar is the source for Sears private label black-and-

*The features customers want*



white televisions.

Any steps Sears is taking are probably in anticipation of future problems, and not in response to any current troubles. During the last year, Sears has been holding on to its approximate 10% unit share of the VCR market, according to the study.

Discount stores, meanwhile, have upped their share. In the poll, 10.3% of households that bought a VCR within the last year report that they bought at a discount outlet. This compares to the 6.1% who pur-

chased at a discount store two or more years ago.

At the same time, catalog showrooms have watched their market share drop from 8.2% of unit sales two or more years ago, to 2.3% in the last year, according to the poll. Department stores have scored a similar loss, falling from 16.3% to 11.4%. The electronics specialists, meanwhile, have maintained their 45.7% share.

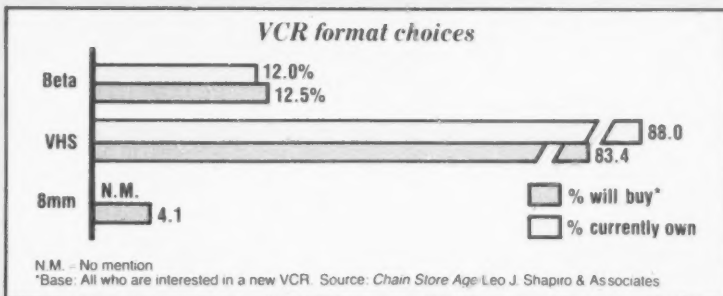
On the average, customers paid \$513 for video cassette recorders at the specialty stores, suggesting

## A future for Beta, 8mm?

Beta is dead, and 8mm is stillborn, or so goes the conventional wisdom. But according to the latest *Chain Store Age* MarketTrends poll, there is still some life in Beta, and 8mm is looking as if it will find a niche in the VCR marketplace.

In the most recent CSA MarketTrends survey, 12.5% of households report that their next video cassette recorder will use the Beta format. Another 4.1% say they expect to buy an 8mm system, while the majority, or 83.4%, plan on purchasing VHS.

Though VHS still holds a commanding lead, the study's results in-



dicates a stronger than expected staying power for Beta, and surprising strength for the fledgling 8mm format. The number of households which expect to buy Beta is equal to the market share (12%) that the format has already achieved.

The new 8mm format seems to be pulling its share of market away from VHS, and is not simply replacing Beta in the customer's mind. In the study, 88% of households already own VHS, but a slightly smaller 83.4% say they expect to buy a VHS recorder. The difference—4.6%—is almost exactly equal to the 4.1% share 8mm will pull in future purchases, according to the survey.

that the specialists are skimming off the cream of the market. The average price paid at discount stores, and at both Sears and Penney, was \$383, according to the survey. Department store shoppers report paying \$418.

For their money, customers have been getting some highly featured machines. Almost 9 out of 10 report that their VCR has high-speed forward or reverse, 80.9% have cable-compatible products, and 77.1% report they have auto-rewind.

Other common features include: special effects (76.3%), wireless remote control (65.5%) and one-touch recording (65.0%). Nearly 2 out of 5 say that their video cassette recorder is stereo.

Stereo, not to mention inflation due to the Japanese yen, could lead to higher price expectations in the future. In the survey, only 39.9% say that their current VCR has stereo, while 60.1% of the whole sample, and 79.8% of current video cas-

sette recorder owners, report that they expect to buy a stereo VCR the next time out.

On the whole, customers expect to pay \$458 for their next VCR. This represents a 2.5% gain from the average \$447 respondents in the CSA MarketTrends poll say that they paid for their last VCR. However, the

market for video cassette recorders is beginning to segment in several directions.

Discount store shoppers expect to pay only \$360 for their next VCR, a 6.4% drop from what the discount customer paid the last time out. Meanwhile, specialty outlet, department store and both Sears and Penney customers think that they will spend significantly more for their next video cassette recorder.

Electronics specialty store customers say that they will pay an average \$524 the next time they buy a VCR, compared to the \$513 they spent the last time. The Sears and Penney shopper expects to pay \$456, a 16% gain over what those customers paid before. Department store customers say they will spend an average \$474, a 13% increase, according to the survey.

Put simply, the market for VCRs looks as if it is dividing into two segments: discount stores and everybody else. The division of the marketplace, however, does not seem to mean that discount store shoppers are looking for stripped down VCRs.

In the past, the discount store shopper was more willing to give up some features to get a good price, according to the study. The discount customer is less likely to have a VCR with wireless remote control, stereo, or high speed forward or reverse.

For the customer who expects to buy a VCR at a discount outlet in the future, however, the CSA MarketTrends poll shows that the low price customer now wants it all. In fact, about 9 out of 10 of those who say they bought their last VCR at a discount store, now report that they want every feature listed in the study. □



Discount shoppers used to settle for fewer features; not anymore



## STRIKING IT BIG WITH WOOD-CASED CLOCKS

Wood cased clocks, at one time "promoted to death," may be ready for a strong revival as consumers indicate strong buying intentions.

**C**locks are becoming a consumable item. Consumers have displayed an appetite for low-priced models that can be replaced at whim.

That is all the more reason to find out what shoppers want and spur those multiple sales. According to recent *Chain Store Age* Market-Trends research, some surprises are ticking away in the newly fashionable clock market.

Buying intention is high. Nearly one-half (48%) of all households rated their chances of purchasing a clock over the next 12 months as "maybe" or better. More than 1 out of 5 said they would "probably" or "definitely" make the purchase.

That response could have been predicted by the way time has been flying out of stores—usually in the form of inexpensive, plastic-cased wall clocks now carried even by supermarkets.

But here is an unexpected finding: a solid majority of consumers (61.5%) plan to buy clocks cased in wood.

The fashion tide may be turning. Not long ago, an exec at Sunbeam's clock division observed that the traditional wooden schoolhouse clock—once the only readily available wall model—had been "promoted to death" some years back.

It could be poised for a revival. Only one-quarter of the sample polled expressed a preference for plastic cases, while slightly less than 11% wanted metal. Another 3% had no opinion. Wood ranked supreme.

The inclination toward wood was most marked among consumers who plan to buy a wall clock. A wall model interested 43% of the sample, compared with the 21% expecting to purchase an alarm clock. A desk model will be sought by 11%, while 5.2% want a grandfather clock.

More than three-quarters of households shopping for a wall clock prefer a wood case. Plastic appealed most to those searching for an alarm product, earning 49% of the votes from that group.

When asked about color preferences for the clock case, consumers

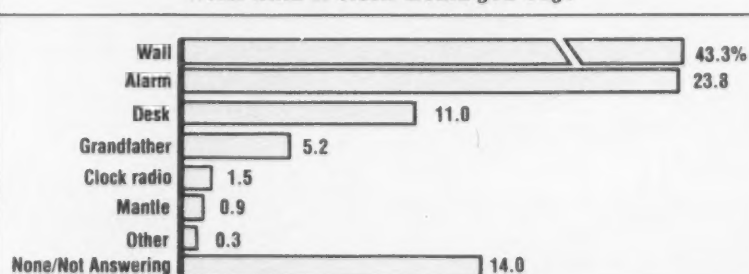
again mentioned wood, this time as a color. Brown led the list, mentioned by 28.1% of the households surveyed, but wood took second place with 11.4% of the nods, and walnut made a significant showing with 9%.

Color votes were widely spread,



*The trend appears to be shifting away from bright-colored plastic cases.*

### What kind of clock would you buy?



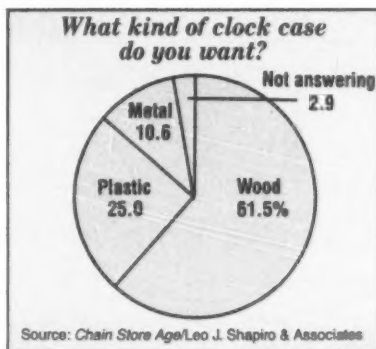
Source: *Chain Store Age*/Leo J. Shapiro & Associates

with only white (7.5%) and black (5.3%) landing anywhere near brown's top slot. The market for hot colors appears to be not so hot. Red and blue each scored approximately 2%, trailing walnut (9%) and wood-grain (3.6%).

Even the plastic-inclined alarm clock shoppers were most likely to choose white and black over a bright color.

Consumers may want the fun to be on the clock face, instead of the case. More than one-third said they would like the face to be something other than white, with this preference most pronounced among wall clock shoppers. Approximately 13% of all consumers spurning white would prefer a picture or design on the face, while a broad array of face colors was cited by the remainder.

Despite the wood/brown proclivity, a significant part of the market is open to novelty products. Respondents were asked whether they had seen clocks made to look like crayon boxes, cannons or Coca-Cola bottles. More than 4 out of 5 said they were familiar with the concept. Of



that portion, 18% were somewhat or very interested in buying such an item.

But when clocks look like clocks, most shoppers want them to tell time efficiently. Two-thirds of the sample said this would be the main purpose of the clock they purchase, with only one-quarter citing decorative value as the clock's principal use. About 7% said the clock would be purchased both for time-telling and decorative features.

Clocks are most likely to land in the bedroom (33%) or the living

room (29%). The kitchen and den/family room earned 14.4% and 12% of the mentions respectively.

Nearly one-third of consumers rated a second hand as "definitely" necessary, while 67% said it is "not a must." About 2% had no opinion. A strong majority (87.1%) want the hours marked in numbers. Arabic numerals were preferred by nearly three-fifths of this group, while one-fifth like Roman numbers. The remainder had no preference.

Nearly one-fifth of the sample said they expect to spend under \$20 for a clock, with an almost equal portion citing \$30 to \$39.99. Most prices mentioned were under \$40, although 32% of the sample named prices between \$30 and \$59.99.

Consumers were most likely to name discounters or catalog showrooms as places where they intended to purchase a clock. Nearly one-quarter of the shoppers plan to head for discount stores, while 14.2% expect to shop the showrooms. Department stores were the choice of 12.8%, and the Big Three came to mind for a mere 8.2%. □



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# NATURAL MATERIALS FUEL INTEREST IN BED COVERS

Down comforters and cotton thermal blankets excite buying intention, signaling a return to tradition. Electric blankets need warming up.



*More households want cotton thermal blankets than heavier types.*

**C**hain Store Age Marketrends research went undercover with consumers and found most wishing to snuggle beneath cotton thermal blankets and down comforters.

Those products topped consumers' wish lists. But questions about whether shoppers actually planned to buy these products during the coming year reveal that the blanket/comforter market could use some

firming up.

Only 4.7% of the sample had definite plans to buy a nonelectric blanket of any material. Another 9% said they probably would, while 22% rated the chances as "maybe."

Buying intentions for comforters (filled with either polyester or down) are also irresolute. Definitely in the next-year market are 3.5% of households, while nearly 8% say they will probably make the pur-

chase. Slightly less than 21% voiced a "maybe."

The survey also showed that electric blankets turn many consumers off. "Once burned, twice shy," seems to be the reaction to this category. A good chunk (41%) of the sample surveyed had owned an electric blanket at one time. But slightly more than half said they no longer use it.

What is more, 96% of the lapsed electric blanket owners have no intention of buying the item during the next 12 months. These experienced users are even more negative than the sample as a whole, only 5% of whom are interested in a next-year purchase of an electric blanket.

**Nonelectric blankets.** CSA Marketrends research made a discovery that would have been unthinkable during the energy crunch of the last decade: more households want cotton thermal blankets than heavier types.

The relatively new cotton product earned 41.3% of the votes. By comparison, blankets made of a wool-synthetic blend were the choice of 23.9% of the sample, and all-synthetics won 12.6% of the mentions.

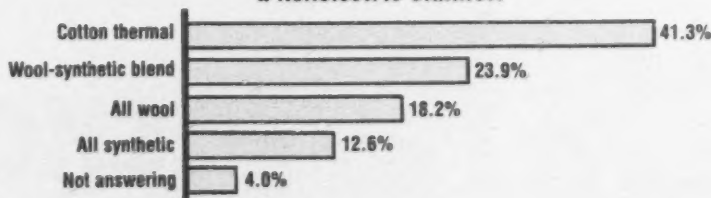
The all-wool blanket, a higher-end product, evoked interest from slightly more than 18%. Citing no fabric preference were 4%.

More than 7 out of 10 households want their blanket in a solid color, with blue chosen by 42% of that group. Patterns registered a particularly high preference with consumers who want 100% wool or wool-synthetic blankets.

In many consumers' minds, stripes are synonymous with heavy blankets. That is probably why Hudson Bay, a traditional striped pattern, was named as a brand preference in the survey.

The largest portion of consumers (42%) will be shopping for a full-

*What material do you prefer for a nonelectric blanket?*



Source: Chain Store Age/Leo J. Shapiro & Associates

## HOME TEXTILES

sized blanket. Queen is the size sought by 29.4%, while king-size attracts interest from slightly less than 17%. Twin size was cited by 11.6% of respondents.

Size choices seem to vary with fabric selection. Consumers looking for an all-synthetic blanket show a higher-than-average inclination toward twin size. About one-fifth of 100%-synthetic purchases are likely to be twins, perhaps for use in children's bedrooms.

All-wool blankets show a strong likelihood of being selected in full or queen size. Those two sizes should account for about 75% of the 100%-wool business, according to the survey.

Vinyl storage cases have become the standard package for electric blankets. However, shoppers do not seem to care for them when it comes to nonelectric products. Two-thirds of those polled said they did not want their blanket to have a vinyl case.

Even shoppers in the market for 100% wool blankets—which, presumably, will be stowed away for part of the year—prefer not to have the cases.

Among the minority wanting the vinyl storage case, half would not pay extra for it. Those findings may quash the hopes of vendors and merchants considering seeking higher margins through fancy packaging.

Overall, Cannon scored highest on the list of preferred brands. The big gun of textiles garnered 1 out of 6 votes from cotton-thermal shoppers and nearly 12% of mentions from the entire sample. St. Mary's and store brands (notably, Sears and Ward) tied for second place. With slightly less than 3% of the votes each, they were overshadowed by Cannon.

A whopping 76.6% of consumers had no answer to the brand question, indicating that no blanket maker is a household word.

The median price consumers expect to pay for a blanket is \$25, with those shopping for all-wool prepared to spend about twice that amount.

Slightly more than 3 out of 5 households intending to buy cotton thermals plan to spend under \$20. With discounters firmly entrenched in this business, it is likely they will find the price they want.

Nearly one-quarter of the cotton crowd think of discount stores as the place to buy their desired product.

### *How much would you expect to pay for an electric blanket?*

|               |      |
|---------------|------|
| \$20-\$29.99  | 3.8% |
| \$30-\$39.99  | 16.1 |
| \$40-\$49.99  | 10.6 |
| \$50-\$59.99  | 25.3 |
| \$60-\$89.99  | 11.0 |
| \$90 and up   | 23.6 |
| Not answering | 9.6  |
| Median        | \$50 |

Source: Chain Store Age/Leo J. Shapiro & Associates



*Many consumers who once owned an electric blanket are wary of the product.*

By contrast, consumers seeking all-wool have a 30% probability of heading for department stores. Shoppers looking for fabric blends spread their votes widely among many trade classes.

On the whole, Sears and Penney often come to mind as places to shop for nonelectric blankets. Each earned more than 13% of the mentions.

**Comforters.** A scant majority (54.5%) of shoppers want their comfort from down. Slightly less than 40% said they would shop for poly-filled comforters, while nearly 6% had no preference.

Consumers are realistic about prices in this category. The 31% aiming for a 100%-down filling name \$100 as the median amount they expect to spend.

Another one-third of the down comforter market is willing to settle for a down-and-feather combination fill. For them, the median anticipated price is \$78.

A minority of households, 39.8%, prefer poly-filled comforters. They expect a median price of \$45.

Some vendors and retailers are trying to stake out a market in com-

forters that are decked with lace, ruffles or embroidery. Taking their cue from embellished towels, these new products are expected to yield higher-margin sales.

The survey found nearly one-third of the sample intrigued by the idea, with lace proving most appealing of embellishment options.

Interestingly, even shoppers looking for down comforters say they would be interested in either embellishments or a pattern.

Currently, a down comforter in anything but a solid is a rare bird.

Duvet covers are the fashion solution offered by an increasing number of resources and merchants.

**Electric blankets.** As mentioned above, slightly more than one-half of all former electric blanket users omit the product from their coming-year shopping lists.

Reasons such as, "It burned me," or "I am afraid of them," were offered as explanation for discontinuance of the blanket's use.

But some experienced users are positive about the product. Among households still using their old electric blankets, nearly 12% plan to buy another in the next 12 months.

Asked what features they would want, two-thirds of the sample voiced a preference for dual controls. Nearly 15% did not want dual controls, and 16.4% had no answer to this question.

Electric blankets have nearly a 49% likelihood of being purchased in queen size, with full coming in second (34%). Median amount consumers anticipate spending is \$50, and more than three-quarters had no answer when asked to name a preferred brand. □



## Another month of modest gains

While much of the retailing universe spent the month of September watching changing ownership in a big boy's game of musical chairs, those left watching the store experienced still another month of modest sales gains. The 16 retail companies tracked by *Chain Store Age* recorded a combined sales gain of 9.6% in September. For the eight month fiscal year, volume is ahead 9.8% over 1985's totals.

The merger of May Department Stores and Associated Dry Goods took effect on the last day of the September reporting period, and the company released combined sales results for the first time. The now consolidated companies recorded sales of \$947.9 million in the month, lagging behind only Sears, K mart and J. C. Penney.

With May now breaking out sales results for both Venture and its newly acquired Caldor discount stores, the depth of the Northeast upscale discounter's problems this year are revealed in more exact detail than before. On a comparable-store basis, Caldor volume increased only 2.1% for the month, and are up a meager 1.2% for the first eight months of the fiscal year.

For comparison, Bradlees, Caldor's most direct upscale discount competitor, announced same-store results gaining 5% in September and ahead 8% for the 35-week fiscal year. May's Venture discount division posted comparable-store figures increasing 4.2% for the month and 7.3% on the year.

At Sears, the nation's largest retailer, a same-store uptick of 1.1% lagged behind its 2.2% year-to-date comparable-store results for the U.S. Merchandising Group. During the September reporting period, however, all Sears stores were closed for seven hours while it conducted physical inventory, negatively impacting the month's results. In previous years, Sears had closed for inventory in January.

J. C. Penney reported same-store results up 6.2% in September, outpacing the cataloger's 6.1% year-to-date performance. Good results were reported for housewares, decorative furniture and accessories and home electronics.

At Montgomery Ward, mean-

## September sales gain 9.6%

| Major chains           | % change | September sales* |              | Stores |       | 8-mo. sales* |              | % change |
|------------------------|----------|------------------|--------------|--------|-------|--------------|--------------|----------|
|                        |          | 1986             | 1985         | 1986   | 1985  | 1986         | 1985         |          |
| Sears <sup>1,2</sup>   | + 1.1    | \$ 2,356,002     | \$ 2,329,825 | 801    | 795   | \$16,534,492 | \$16,163,242 | + 2.3    |
| Penney <sup>2</sup>    | + 5.7    | 1,136,000        | 1,075,000    | 1,876  | 1,978 | 7,874,000    | 7,425,000    | + 6.0    |
| Ward <sup>1,2</sup>    | - 3.3    | 380,200          | 393,100      | 292    | 316   | 2,590,400    | 2,592,400    | - 0.1    |
| Dayton Hudson          | + 12.8   | 817,800          | 724,900      | 1,233  | 1,181 | 5,620,000    | 5,060,000    | + 11.1   |
| Federated <sup>4</sup> | + 4.3    | 750,700          | 720,000      | 494    | 479   | 5,062,100    | 4,849,500    | + 4.4    |
| May Dept. Stores       | + 5.2    | 947,900          | 862,100      | 2,664  | 2,333 | 6,169,300    | 5,621,400    | + 5.3    |
| Allied Stores          | + 10.9   | 431,900          | 389,400      | N/A    | 633   | 2,652,200    | 2,452,600    | + 8.1    |
| Carter Hawley Hale     | + 8.7    | 372,500          | 342,700      | 306    | 284   | 2,413,900    | 2,287,700    | + 5.5    |
| Mercantile             | + 5.1    | 182,920          | 174,117      | 82     | 80    | 1,209,897    | 1,124,374    | + 7.6    |
| K mart <sup>3</sup>    | + 7.9    | 2,061,100        | 1,909,900    | 2,137  | 2,176 | 14,449,600   | 13,545,800   | + 7.0    |
| Wal-Mart               | + 42.1   | 888,000          | 625,000      | 988    | 826   | 7,030,000    | 4,950,000    | + 42.0   |
| Zayre                  | + 32.9   | 487,031          | 368,953      | 1,053  | 932   | 3,202,095    | 2,416,620    | + 32.5   |
| Bradlees               | + 11.9   | 160,000          | 143,000      | 157    | 155   | 1,075,000    | 887,000      | + 21.2   |
| Tandy                  | + 18.5   | 258,114          | 217,807      | N/A    | N/A   | 2,022,441    | 1,759,919    | + 14.9   |
| Circuit City           | + 66.5   | 75,400           | 45,300       | 78     | 96    | 547,600      | 355,800      | + 53.9   |
| Federated Group        | + 16.4   | 36,300           | 31,200       | 62     | 49    | 251,500      | 202,900      | + 24.0   |
| Totals & Averages      | + 9.6    | \$11,341,867     | \$10,352,302 | —      | —     | \$78,704,525 | \$71,694,255 | + 9.8    |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Continuing operations only. <sup>4</sup>Excludes supermarket sales.

<sup>5</sup>Store number for K mart stores only.

while, sales dipped 3.3% in September, giving the struggling retailer the unhappy distinction of being the only major chain tracked by *Chain Store Age* to post monthly and year-to-date sales declines. Ward attributed its lackluster sales performance to the discontinuation of a number of unprofitable sales lines. Among the company's five major groups of merchandise, however, only two—electronics and home goods—posted gains.

For the third month in a row, Dayton Hudson reported sales increases exceeding its year-to-date

pace. The company's department store divisions continued to turn in the highest comparable-store results, increasing 9% in September. Same-store results for Mervyn's gained 7%, at Target 5%, and for the specialty merchandisers, which include B. Dalton booksellers, up 4%.

Best selling apparel at Dayton Hudson in September included fleecewear, denim jeans, skirts and jackets in gray and black, and toys, especially Pound Puppies, skoot skates and slumber tents. Popular accessories included sterling silver jewelry.

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C5150-7  
12/16/86

**A FULL-ISSUE STUDY**

# Chain Store Age

**GENERAL MERCHANDISE TRENDS**

DECEMBER

1986

S

0037150C  
KEVIN KENDRICK  
CONGRESSIONAL INFORMATION  
4520 EAST-WEST HIGHWAY  
BETHESDA MD 20814 ☐☐

**ZAYRE:  
WILL DIVERSIFICATION  
PAY OFF?**

# December 1986/Full-issue Zayre Study



*With a track record of attracting low-income shoppers, Zayre does just that.* . . . . . 28

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*T. J. Maxx works harder* . . . . . 60

**CHAIN STORE AGE General Merchandise Trends** (ISSN 0885-050X) is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022, and is distributed free-of-charge to qualified retailers and wholesalers. Non-qualified retailers, manufacturers, schools, libraries and all others, \$25 a year; Canada \$27 (U.S. \$) a year. Foreign subscriptions: Airmail only, \$125 a year. Single copy rate \$2. Second Class postage paid at New York, N.Y., and at additional mailing offices. Vol. 62, No. 12, Copyright © 1986 by Lebhar-Friedman Inc. All rights reserved. **ALL CORRESPONDENCE** should be addressed to Executive Offices, Chain Store Age General Merchandise Trends, 425 Park Ave., New York, N.Y. 10022. For a change of address, six weeks notice to Circulation Fulfillment Director, 305 Madison Ave., Suite 535, New York, N.Y. 10164-0659, is requested. Give old and new address and zip code. If possible enclose address portion from cover on previous issue. Postmaster: Please send address changes to *Chain Store Age*, General Merchandise Trends, Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Member Audit Bureau of Circulations, Second Class Mail Publications Inc., and Magazine Publishers Association. Copyright © 1986 by Lebhar-Friedman Inc.

## Apparel markdowns spur October sales

The 16 retail companies tracked by *Chain Store Age* posted an 11.5% sales gain in October. Since the month compares to one of 1985's weakest reporting periods, the figures are more modest than they appear at first blush.

Half of the chains recorded monthly increases below their year-to-date performance. For the first nine months of the current fiscal year, combined sales for the 16 chains are up 10%.

Many had expected sales for big ticket durables to take off in October, as consumers took a last shot at interest payment deductions before next year's tax reform stripped revolving credit of its preferred status. However, the boom never materialized.

Though Sears would not comment, some analysts attributed its modest 0.6% sales uptick to sagging major appliance sales. Sears, though, was never among the believers that tax law changes would spur sales for big ticket items this year.

Sears economist Tom Swannstrom, figuring that the tax savings for average middle-class families would be miniscule, has for some time now been championing the notion that tax changes would not affect big ticket sales this year—either up or down.

In fact, apparel was the leader for most retailers in October. Warm weather in September had left inventories slightly bloated, and customers were quick to buy up October's markdowns.

K mart, where sales gained 11.2% over last year and comparable-store volume was up 7.9%, reported that apparel increases were especially strong. For the year, K mart's same-store results are 5.8% ahead of 1985.

Dayton Hudson tagged knitwear, faded denim and basic and printed fleece as popular apparel trends in the month. Bestselling accessories included gold and diamond jewelry and reptile skin belts and bags. In hard lines, the leaders were televisions, camcorders and ready-to-assemble furniture.

Dayton Hudson president Boake A. Sells said that sales were strong in new stores opened in the month, but that comparable store figures

## 11.5% gain beats weak month in '85

| Major chains                 | % change      | October sales*      |                    | Stores   |          | 9-mo. sales*        |                     | % change      |
|------------------------------|---------------|---------------------|--------------------|----------|----------|---------------------|---------------------|---------------|
|                              |               | 1986                | 1985               | 1986     | 1985     | 1986                | 1985                |               |
| Sears <sup>1,2</sup>         | + 0.6         | \$ 2,044,667        | \$2,031,657        | 803      | 796      | \$18,579,159        | \$18,194,899        | + 2.1         |
| Penney <sup>2</sup>          | + 8.7         | 989,000             | 910,000            | 1,876    | 1,978    | 8,863,090           | 8,335,000           | + 6.3         |
| Ward <sup>1,2</sup>          | + 3.5         | 326,800             | 316,800            | 293      | 316      | 2,918,300           | 2,909,200           | + 0.3         |
| Dayton Hudson                | + 12.4        | 716,800             | 637,600            | 1,268    | 1,204    | 6,340,000           | 5,700,000           | + 11.2        |
| Federated <sup>4</sup>       | + 7.3         | 656,100             | 611,400            | 494      | 486      | 5,719,000           | 5,460,900           | + 4.7         |
| May Dept. Stores             | + 10.5        | 764,600             | 692,100            | 2,705    | 2,354    | 6,930,000           | 6,310,000           | + 9.8         |
| Allied Stores                | + 6.3         | 335,400             | 315,600            | 691      | 637      | 2,988,100           | 2,768,200           | + 7.9         |
| Carter Hawley Hale           | + 5.0         | 334,400             | 317,500            | 316      | 297      | 2,747,300           | 2,605,200           | + 5.5         |
| Mercantile                   | + 10.6        | 149,558             | 135,220            | 82       | 80       | 1,359,455           | 1,259,594           | + 7.9         |
| K mart <sup>3</sup>          | + 0.6         | 1,702,800           | 1,528,700          | 2,189    | 2,176    | 16,202,300          | 15,074,500          | + 7.5         |
| Wal-Mart                     | + 42.0        | 1,032,000           | 727,000            | 991      | 853      | 8,062,000           | 5,678,000           | + 42.0        |
| Zayre                        | + 33.7        | 436,100             | 326,100            | 1,075    | 961      | 3,638,200           | 2,742,700           | + 32.7        |
| Bradlees                     | + 8.5         | 153,000             | 141,000            | 158      | 158      | 1,228,000           | 1,028,000           | + 19.5        |
| Tandy                        | + 18.4        | 288,831             | 243,923            | N/A      | N/A      | 2,311,272           | 2,003,842           | + 15.3        |
| Circuit City                 | + 73.1        | 77,900              | 45,000             | 84       | 101      | 625,500             | 400,800             | + 56.1        |
| Federated Group              | + 21.8        | 30,200              | 24,800             | 65       | 49       | 281,700             | 227,700             | + 23.7        |
| <b>Totals &amp; Averages</b> | <b>+ 11.5</b> | <b>\$10,038,156</b> | <b>\$9,004,400</b> | <b>—</b> | <b>—</b> | <b>\$88,793,286</b> | <b>\$80,698,535</b> | <b>+ 10.0</b> |

\*000 omitted N.C. = no change N.A. = not available

<sup>1</sup>Store number for full-line outlets only

<sup>2</sup>Domestic operations only

<sup>3</sup>Continuing operations only

<sup>4</sup>Excludes supermarket

<sup>5</sup>Store number for K mart stores only

suffered from a slow pace in the final week. Mervyn's same-store results gained only 1%, while Target posted a 4% increase and the department stores 11%.

J. C. Penney noted that demand was strong for women's and men's sportswear and outerwear, with sales particularly strong for both junior and young men's lines. Good results were also reported for women's special occasion dresses, fine jewelry, handbags, scarves and cosmetics.

Sales for J. C. Penney's catalog division continue to outstrip the rest of the company. For the first

nine months of the fiscal year, Penney's catalog volume is running 14.1% ahead of last year's pace. Comparable-store results for J. C. Penney stores themselves are up 6.4% from 1985.

At May Dept. Stores, the problems of its newly acquired Caldor discount stores continue. In October the Northeast-based discount chain's same-store results dipped 1.3% and are now only 1% ahead for the year. For comparison, Venture discount stores recorded a 15.5% comparable-store gain in October and an 8.1% same-store uptick for the first nine months.

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**"Story" pillows talk in textiles**  
**Prerecorded tape on fast forward**

C5150-7  
1/20/87  
JAN SEARS

# Chain Store Age

**GENERAL MERCHANDISE TRENDS**

JANUARY

1987

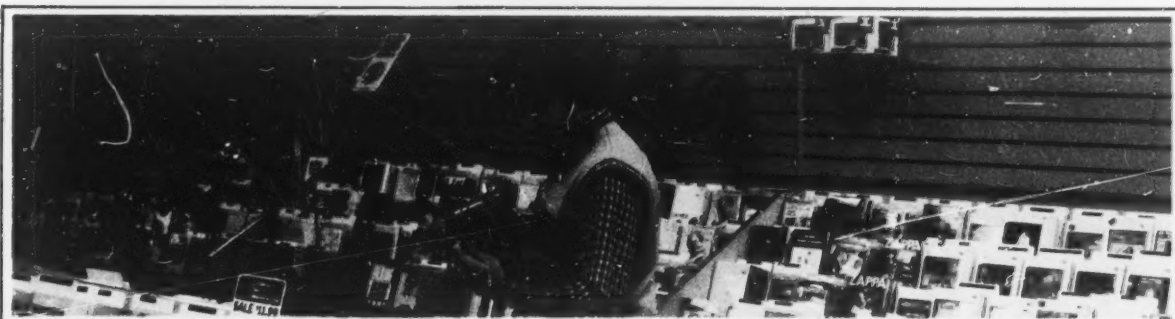
## SERVING THE CUSTOMER



**On the sales floor with Weinstock's chairman Cheryl Turpin**

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A *Chain Store Age*/Leo J. Shapiro & Associates consumer poll reveals how shoppers rank retail services that influence their shopping choices.

## Service: retail's No. 1 problem

**W**hat we think the customer wants and what she *really* wants are sometimes two different things," says George Stasick. He should know. He's manager of services and customer relations at J. C. Penney.

Developing policies to get closer to shoppers consumes much of Stasick's time. Stasick, who was a store manager before moving to New York headquarters, works with other Penney store managers to strengthen customer ties (see story on page 20).

The more Stasick and store managers confer, the more they realize, he says, "The No. 1 problem in business today is service."

It may come as a surprise to him and other retail executives to learn that 50% of today's shoppers rank restrooms a retail service that influences their shopping choice.

This is just one of the findings of a survey commissioned by *Chain Store Age* to determine what services women considered when selecting a retail store. The survey, conducted by Leo J. Shapiro & Associates, Chicago-based retail consultants, queried over 1,090 women in five cities—San Francisco, Kansas City, Indianapolis, Washington, D.C. and New Orleans.

According to the Shapiro research, customers from East Coast to West Coast said the most important factor determining their retail choice was being able to get their money back if they were not pleased with their merchandise. Nearly 4 out of 5 women deemed satisfaction the No. 1 service provided by a retailer.

Interestingly, women under age 25 did not rank it as important as women aged 25 to 49, 64.5% vs. 80%, respectively. The same held true for college graduates vs. non-college graduates. About 70% of the grads ranked it the most important service as opposed to 81% of the noncollege grads.



What do customers want? Quick checkout ranks among the top concerns.

### How much would it influence your decision where to shop if you were confident of . . . ?

|                                        | Total | Work Status |             | Shopping Orientation |                     |             |
|----------------------------------------|-------|-------------|-------------|----------------------|---------------------|-------------|
|                                        |       | All women   | Not working | Discount store       | Sears, Penney, Ward | Dept. store |
| Quick checkout                         | 52.8% | 51.9%       | 54.0%       | 53.9%                | 56.1%               | 54.2%       |
| Background music                       | 8.5   | 6.9         | 10.8        | 9.8                  | 8.6                 | 10.6        |
| Sales assistance                       | 43.3  | 40.1        | 47.7        | 40.6                 | 42.1                | 41.1        |
| Giftwrap                               | 19.7  | 16.0        | 25.1        | 21.0                 | 19.2                | 23.3        |
| Women's restroom                       | 58.7  | 48.9        | 57.3        | 40.8                 | 52.8                | 50.3        |
| Store charge card                      | 37.0  | 34.7        | 40.2        | 34.9                 | 38.8                | 39.2        |
| Phone orders                           | 24.6  | 28.2        | 30.8        | 27.8                 | 24.1                | 24.4        |
| Money-back satisfaction                | 77.9  | 76.7        | 79.5        | 78.4                 | 79.2                | 78.3        |
| Convenient parking                     | 61.8  | 57.3        | 66.3        | 52.7                 | 62.6                | 68.3        |
| Private fitting rooms                  | 43.8  | 41.3        | 47.5        | 42.9                 | 44.4                | 47.5        |
| Advance notice of sales/events         | 45.9  | 43.8        | 48.9        | 43.6                 | 48.1                | 48.9        |
| Someone in the store knows you by name | 19.5  | 18.7        | 20.7        | 20.0                 | 20.3                | 19.7        |
| Low-cost home delivery                 | 21.1  | 20.9        | 21.4        | 26.6                 | 21.0                | 23.1        |

Source: *Chain Store Age*/Leo J. Shapiro & Associates

In general, young women and college grads were not willing to rate any service a "9," the perfect score on the CSA/Leo J. Shapiro & Associates retail service scale. Thirteen factors were judged, ranging from consumer satisfaction to time and energy saving benefits to privacy and comfort services to sales assistance and ambience.

Convenience factors such as close

parking, quick checkout and restrooms were the other services that would sway 50% of the women to change their shopping habits. But only return policy and parking scored across the board with the majority of women. Quick checkout and restrooms were important to a little more than 40% of the young women and college grads, indicating the merchandise may be what really

matters to them.

With so many women waiting to buy goods on sale, it is understandable that over 45% would shop a certain store if they were notified in advance of sales and other events. But that percentage drops sharply among younger women. Only 34% of those under age 25 said it mattered to them as opposed to 47.3% of those between the ages of 25 and 49, again underscoring the fact that young women may put merchandise before price.

Also important to over 40% of the women were private fitting rooms and getting sales assistance. But for those women with an income of less than \$20,000 the percentage opting for privacy dips to 37.6%, reflecting the price of goods may be a bigger concern to them. College grads are also less inclined to demand privacy (38.6% favored it), and some shunned sales assistance as well (33% put that at the top).

In general, fashion guidance appears to be less of an issue today, as

women are more self-assured than their mothers were, points out a nationwide survey of women compiled by Walter K. Levy Associates, retail marketing consultants.

In fact, the Levy research determined that women demand guidance or information when shopping for home furnishings rather than apparel, revealing they may be less knowledgeable and more insecure when shopping for the home. Roughly 3 out of 4 said they would welcome advice when buying curtains and draperies. And nearly 69% admitted they needed help when purchasing housewares.

Store charge accounts hold less favor with customers than might be expected when choosing a store, discloses the CSA/Leo J. Shapiro & Associates data, perhaps the result of so many stores accepting third party cards. A little more than 36% of the women said this would make a difference to them. But the percentage rises dramatically among older women. Nearly 50% of the women

over age 50 said it mattered to them as opposed to 32% of the shoppers aged 25 to 49.

Phone orders also play a larger role in determining where the older women shop. More than 35% of the women over the age of 50 factored ordering by phone into their store decision making process. Only 18.7% of the women aged 25 to 49 and 21% of those under age 25 considered it. Phone orders also meant more to women who have a high school education or less, than they did to college grads, 28.7% vs. 17.8%, respectively.

Low-cost home delivery, knowing your name and attractive packaging are all icing on the cake to women in the study. Only 1 in 5 deemed these services weighty enough to make them head to a certain store.

The least important service offered by retailers is background music. Even for women under age 25 this holds little attraction. Only 8.4% rated it a No. 9.

—Jill Curry

W. Christenson, J. C. Penney store manager, stays close to his shoppers. He greets them in the aisles and at the door. He gets direct feedback and acts on it.

## “Staying close to your customers”

I'm never going to shop here again," stormed an irate shopper in answer to J. C. Penney store manager Warren Christenson's query about how she enjoyed "shopping our store."

Startled, he asked her, "Why?"

"I can't fit my stroller through the aisles of the children's wear department," the enraged shopper told him.

Christenson had heard there was a problem with strollers from sales associates in the department. But, somehow, the difficulty registered—viscerally—when he was confronted by a very mad mother.

Warren Christenson, the dapper manager of a bustling \$30 million Penney located in Toms River, N.J., has learned first hand about the likes and dislikes of customers' shopping experiences this year by implementing a new store policy aptly called, "Staying Close To Your Customers."



Warren Christenson, Toms River, N.J. J. C. Penney store manager.

The policy encourages store managers to adopt an old approach—the one that perhaps more than any other helped catapult Penney into virtually every state in the nation. Just as founder James Cash Penney pinned customers down about what they wanted so he could improve his general merchandise store, store managers like Christenson are questioning shoppers to satisfy their needs in local markets.

Christenson feels this policy gives Penney the competitive edge—in his case, over Sears and Macy's, the other anchors at Ocean County Mall. These days Christenson likes to credit Penney's superstar earnings/sales performance to store manager's hands-on approach to customers. He feels Penney has never been more in step to consumer needs. No matter what the gripe, he wants to hear about it from shoppers. And hear he has.

There was this older woman, he



## Debt no block to buying plans

**H**ow much debt can the customer handle? Economists differ on the implications of record high levels of revolving consumer debt, but as retailers map out plans for 1987, the answer will prove more than a simple academic exercise. Already, Sears has upped its provisions for bad debt this year. Others are reported doing the same.

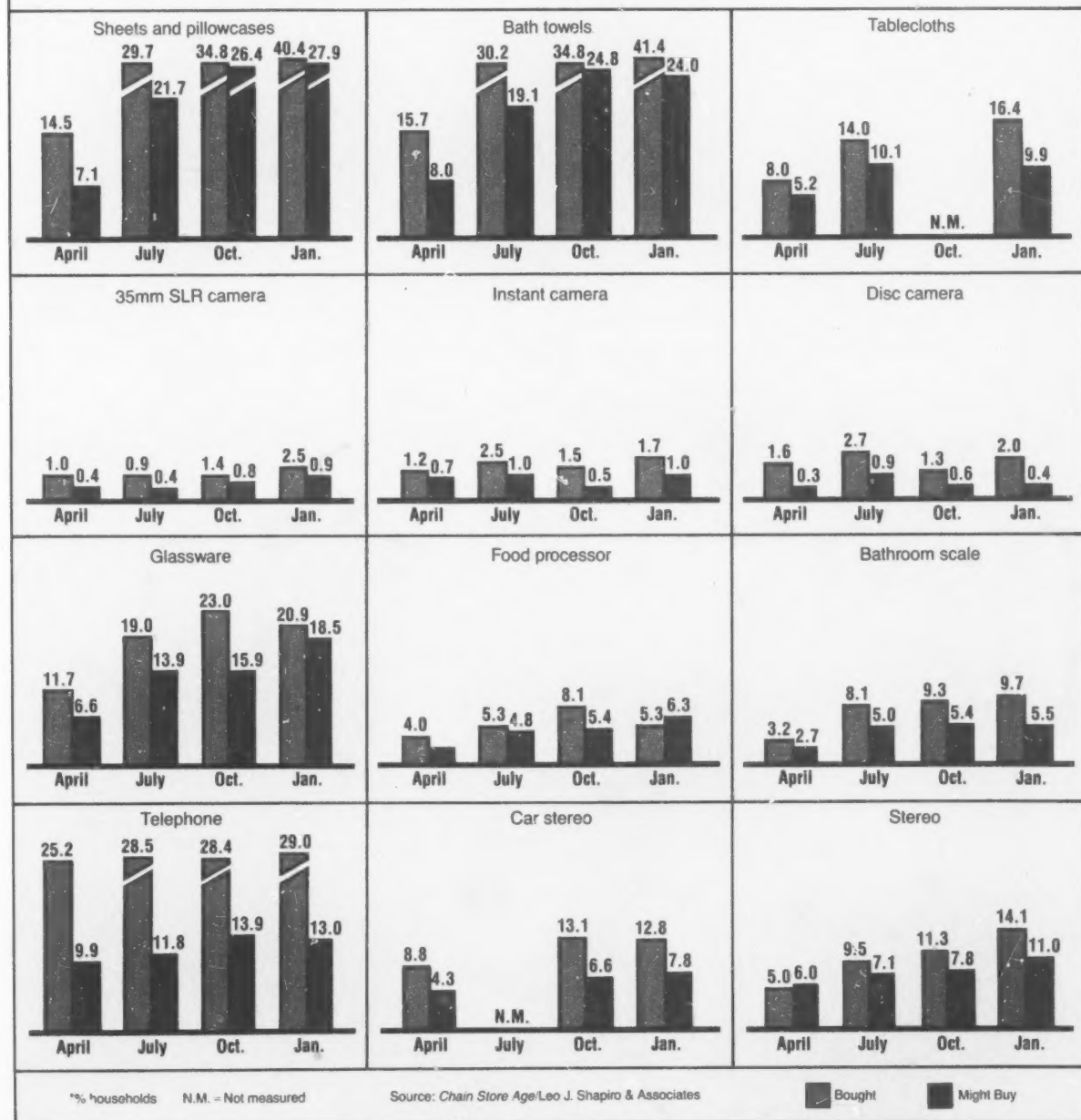
Individual horror stories abound. There are indeed some families which have run up their credit cards to levels of \$20,000 and more. But they are the exception.

What worries many analysts are the more modest—yet historically high—levels carried by the average American family. At current rates, it could take the average family

years to put its affairs back into order, depressing retail sales in the interim.

If economists are convinced that consumers are getting ready to rein in their spending, no one has yet told the customer. According to the latest *Chain Store Age* Market-Trends poll, the spending spree is not over. Customers are reporting increased buying plans for all 12 products in this month's poll—often at double the rate of only nine months ago.

1986-87 Consumer Buying Survey\*



The biggest gainers in the January survey are home textiles and housewares. Buying plans for sheets and pillowcases are now nearly quadruple what they were in the April 1986 study. Intention to buy bath towels is exactly triple the reading nine months ago.

Once again, the problem for home textiles may be promotions. As the survey reveals, even the trendiest, high income, department store shopper is willing to wait for a sale before she buys a bath towel. About 4 out of 5 customers say their next bath towel will be oversized.

In housewares, downsized food processors continue to breathe new life into what many feared had become a mature category. Compared to April of last year, customer buying intentions are up by 200%. Glassware buying plans show a 180% gain in the most recent survey. Bathroom scales score a 104% jump.

Even the lowly disc camera scores a modest increase in consumer interest in the latest survey. But the real news is in instants and SLRs.



Sheet and pillowcase interest has nearly quadrupled since April '86.

Polaroid's Spectra looks like a hit. After several years of slumping, customer intent to buy an instant camera is up 43% from the reading recorded only last spring. For SLRs, autofocus might finally be growing the market for single lens reflex cameras. Customer buying plans in the January poll are 125% ahead of last April's figures.

In home electronics, car stereos continue their phenomenal rise. After posting a doubling in customer interest in 1986, this year looks like still another banner year. Compared to last spring's totals, customer buying plans are ahead 81%. Home stereos score a similar increase, gaining 83% over last April's figures.

## NEW PRODUCTS

**Healthcheck Corp.** introduces a fully automatic one touch Cuffless Blood Pressure Monitor with LCD and Graphic readout. Modular in construction, the unit can be ex-



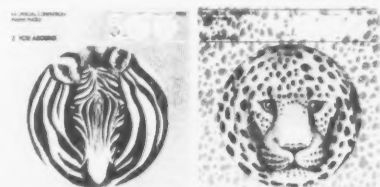
panded with snap-on peripherals to provide Printed Tape, up to 20 times Memory, or Voice Synthesizer if required. (Healthcheck Corp. 1187 Highland Ave., Cheshire, Conn. 06410.)

**ACCO** has simplified the task of reorganizing computer printouts with the introduction of the new Adjustable Data Ring Binder. Remarkable "swing rings" keep printouts secure while allowing addition or deletion of sheets quickly and easily. Spe-



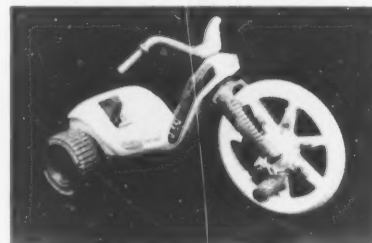
cially designed with innovative easy read flat-fold feature, one can view an entire unburst printout page from top to bottom. (ACCO Int'l Inc., 770 S. Acco Plaza, Wheeling, Ill. 60090.)

**Official tournament jigsaw puzzles**, specially designed by American Publishing Corporation (APC) for the recently held American Publishing National Jigsaw Puzzle



Championships (APNJPC), are now available in retail outlets through the country. (American Publishing Corporation, Watertown, Mass.)

**Hedstrom Corp.** has recently announced the introduction of two new low riders for fall 1986. The 16-in. Miami Miss Low Rider in lavender and white and the 16-in. Street Rad Low Rider in green and white. Each low rider features racy mag wheels, a wide track design for a



safe, stable ride, a frame and hefty fork, of durable polyethylene for long life and safety, a steel rear axle, and skid-resistant pedals for better braking control. (Hedstrom Corp., P.O. Box 432, Bedford, Pa. 15522.)



# PRERECORDED VIDEO: A Market On Fast Forward

# PRERECORDED VIDEO SELL-THROUGH MARKET EXPLODES

**T**hose who thought shoppers would never pay to buy prerecorded videotapes when they could rent them are being proven wrong almost everyday at the local K mart, Target, Jamesway and other leading discount chains.

The sell-through market for prerecorded video tapes has exploded. Retailers have enlarged sections from tiny spinner racks used during in-and-out promotions to huge 20-ft., fully stocked departments.

Moreover, the sell-through market is continuing to grow, while the rental area is projected to shrink. In 1985, \$1.21 billion of the \$3.9 billion prerecorded videocassette market was produced by the "for-sale" items—only 31%. By 1990, however, according to Video Marketing Surveys & Forecasts, sales will account for 55% or \$4.1 billion of total revenues which is projected to surpass \$7.4 billion. Over the next five years, this segment will grow at a dynamic pace of 28%.

Mass retailers are indeed at the forefront of the boom.

"Discounters are definitely getting into the business and doing a good job, mainly with the help of rack jobbers," confirms Tim Baskerville, publisher of *Video Marketing*, a monthly newsletter on the video industry.

Some examples of the major moves retailers have made:

- K mart, which now offers movies in all stores, including both frontline and Public Domain titles, in a department spanning as much as 20 ft., according to buyer Craig Ortale. This is a dra-

matic increase over the spinner rack approach K mart used in Christmas 1985. About 90% of K mart's units are racked by Troy, Mich.-based Handleman Company.

- Target stocks prerecorded videotapes in all of its stores via its own rack operation called Jetco, according to chain spokesman David Houghtby. About 200 titles are in stock and the sales of the department are likely to hit \$21 million in 1987.

- Prerecorded tape sales are

These are just a few examples of the aggressive moves retailers are making to capture a larger share of the market, a market they were timid to get into only a year ago.

## Not an Easy Start

About three years ago, discounters and department stores ventured into the sell-through market without much luck. The titles became dust collectors at high price tags of \$50 and up. Even if retailers moved some titles, they were stuck with others which customers just passed by.

"There were several problems," explains Stephen Strome, vice president at the Handleman Company, a leading jobber. "Prices were too high, there were not enough video cassette recorders in place and customers did not realize retailers offered the movies."

Retailers also had trouble keeping up with the rapidly changing titles and they did not want to get stuck with an excess of inventory.

Enter the rack jobber. Services such as Handleman, Charles Levy and Lieberman Enterprises in Minneapolis are providing many retailers with the expertise needed to adequately operate a department. These services, for a fee, provide the merchandise and give the satisfaction of guaranteed sell-through. "That's nice because it removes the risk" notes K mart's Ortale.

Even the frontline video suppliers welcome the addition of the jobber. According to Tracy Dolgin, marketing manager for HBO/Cannon, rack jobbers help



"very successful" at Woolworth, according to buyer Peter Donahue, and the department is being put in large and busy stores.

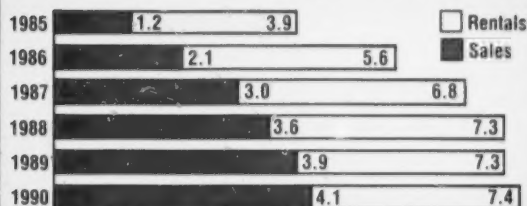
- Sears just rolled out its prerecorded video program with a department housing only "P" or "PG" titles. The department is being housed near albums and it is up to regional heads to determine the department size.

- Jamesway touts movies in several of its major circulars. Last Halloween, for instance, it advertised scream videos such as "Poltergeist" for \$24.99, "The Exorcist" for \$19.99 and "Nightmare on Elm Street" for \$17.99.

**THE MARKET EXPANDS AS RENTALS ARE EXPECTED TO SHRINK. RETAILERS ARE ADJUSTING THEIR DEPARTMENTS.**



## Video Cassette Industry Revenues\*



Source: Video Marketing Survey & Forecasts, 1986  
\*in billions

because many retailers are already using them for supplying book and record departments and they help alleviate out-of-stock problems.

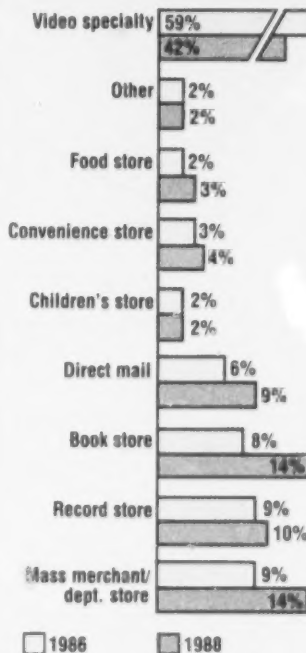
However, some buyers note, the services of the rack jobber will probably change as retailers integrate point-of-sale systems. "We won't need their records of what we move because we'll have that," says one retailer.

## VCR boom fuels sales

But even with the success of rack jobbing services, the prerecorded video explosion would not have been possible without several other factors. First and foremost is the swelling number of VCR's now found in the home. Plummeting prices of VCR's from a high of \$1,200 in 1979 to under \$200 today has made the VCR almost a commodity item. It is estimated by Video Marketing that 25.6 million homes have at least one player; that will swell to a penetration of 67.3% or 63.3 million households by 1990, a compounded growth rate of 20%.

VCR's are being played, too. According to the Electronics Industry Association, the mean average of hours a household is playing cassettes is 9.3 hours. And the biggest reason they have VCR's, says research from The Lifestyle Census, is so they can have a "bigger selection of movies." The natural progression after a consumer buys a VCR is to purchase tapes and therefore the period after Christmas is one of the most lively of all. The other strong season, buyers say, is

## % of sales to retailers by type of outlet 1986 vs. 1988\*



\* = Projected  
Source: Video Marketing Surveys & Forecasts, 1986

## Back-to-School.

Another trend fueling the growth of tape sales is that consumers have slowly become aware of the availability of movies they can own. It all started, say industry experts, when shoppers begged rental outlets to sell them tapes, but they wouldn't. The sell-through market was born. But at first, movie compa-

nies would not release titles for sale; the thinking was that more money could be made in rental.

Now, the opposite is starting to happen. Some titles—"Indiana Jones" and "Sleeping Beauty"—are being released for sale prior to cable. Commtron, a national distributor of consumer electronics and the nation's largest distributor of prerecorded video cassettes, has helped build the awareness of sell-through via national ads such as a video Wish-book tipped into USA Weekend. According to Commtron's vp, finance and cfo Bob Gaddis, the ad features 94 titles priced under \$30 and carried a tag line of where the titles were available.

Just as consumers came to realize they could buy the tapes, studios lowered prices from \$70 to under \$30. Today, retailers split the department between Public Domain titles, which retail for as little as \$10 and under, and frontline titles now in the \$25 to \$30 range. Buyers, such as Ortales at K mart, expect to see frontline drop ever lower perhaps under \$20.

Margins, which average 20%, are already stretched and the price reductions cut further into that. But, retailers note, the increased volume offsets the loss of margins. A properly stocked department turns anywhere from five to eight times, depending on the number of titles.

## Getting into the Game

The retailing of prerecorded tapes, like many departments, requires a commitment in the

form of inventory, advertising and space. Decisions must be made whether to use a jobber or buy in-house. Then space has to be culled from other departments. Chains such as K mart and Target are locating tapes in what has become a home entertainment area. In K mart's 500 stores with the bullpen electronics format, tapes are an integral part of the mix. Most mass merchants prefer a self-service, pegged selection for less expensive sku's with some housed under glass for security reasons. Locations near VCR's and record albums are successful, say retail-

ers.

A typical retailer is carrying about 100 to 200 titles stocked about four deep, says Jeff Baker, vp sales and marketing for Good Times Home Video. Initial investment is about \$6,000 (based on a wholesale cost of an average of \$10). Yet, the department has the capability to deliver a whopping \$225 in sales per square foot (based on a 20-ft. department, average ticket of \$30, 150 titles).

Discount and department retailers are poised to grab more of the market, according to research from *Video Marketing*. These outlets currently control

9% of the business; but that should rise to 14% by 1988.

Even though mass merchants have carved out an attractive portion of the business, other outlets are readying an attack. Drug stores such as Eckerd Drug in Clearwater, Fla., are adding movies to the mix. Convenience stores, 7-Eleven in particular, like the results from rental and may add sale tapes. There are even credit card vending machines set to be installed in outlets via Stars To Go and the outlook for specialty stores and rental outlets is a move to more sell-through.

## TAPE RENTALS LEAD TO PURCHASES

**H**ouseholds that have been devoted tape renters are the most likely to purchase tapes, according to research from *Chain Store Age*/Leo J. Shapiro & Associates.

Among households that have rented prerecorded tapes, 26% have also purchased a prerecorded tape, the survey found. And, reported purchases of tapes increase in households that are frequent renters. *CSA/Leo J. Shapiro & Associates* found households renting over 24 tapes were more likely to buy, 31% vs. 21%.

Infrequent tape renters purchased a mean of four tapes; frequent renters bought a mean of 17, for a mean average of 12.

The poll reflected what manufacturers have found to be the current trend, with about half of the most recent purchases made for family or grown-up movies, one-quarter children's movies and one-quarter divided between educational or how-tos.

When it came to where tapes were purchased, Target was mentioned by 3.8%, K mart 3.7% and Radio Shack by 2.1%. Although most shoppers prefer the instant gratification of buying at a store, 7% did purchase via mail

order. Catalogers such as The Sporting Edge offer a full array of movies for this group.

The *CSA/Leo J. Shapiro & Associates* study also hints that frequent renters are more likely to invest more money into better quality tapes. The average amount spent among frequent tape renters is nearly \$10 more than less frequent renters. Overall, the average is \$23.30 per purchase—a price on par with the current cost for two Public Domain titles or one frontline.

The research portends a promising future for prerecorded tapes. Nearly 4 out of 10 U.S.

households express some interest in buying a tape in the coming year. In fact, 6% say they'll definitely purchase. A great deal of the volume is coming from repeat business. There is strong evidence of multiple purchasing, too, with those who plan to buy in the coming year, indicating plans to buy five tapes at an average of \$29.70 per tape.

Video tape purchases and rental activity are dominated by the young, wealthy and well-educated. Not surprisingly, a significant portion of renters and buyers have children, the study concluded.

**How many tapes might you be buying in the coming 12 months?**

|               | Total | Number rented last year |         |
|---------------|-------|-------------------------|---------|
|               |       | 24 or less              | over 24 |
| 1             | 7.6%  | 8.9%                    | 8.0%    |
| 2             | 21.2  | 24.8                    | 16.4    |
| 3             | 11.0  | 6.8                     | 13.3    |
| 4             | 10.0  | 16.7                    | 7.5     |
| 5             | 10.2  | 11.1                    | 9.7     |
| 6             | 7.2   | 8.4                     | 7.8     |
| 7 to 10       | 6.9   | 3.4                     | 9.5     |
| over 10       | 9.2   | 6.7                     | 9.2     |
| Not answering | 16.7  | 11.2                    | 18.5    |

Source: *Chain Store Age*/Leo J. Shapiro & Associates

**BEST CUSTOMER FOR A SALE IS A FREQUENT RENTER.  
ACTIVITY IS DOMINATED BY THE YOUNG AND WEALTHY.**

# EDDIE MURPHY, LAUREL & HARDY HELP SELL GENERAL TITLES

Retailers owe some of their success in the sell-through general movie category to Eddie Murphy.

The release of Paramount's Beverly Hills Cop, starring Murphy, Christmas 1985 was the most dynamic event to hit the industry, and the tape remains the top seller (in units) of all time. As of the summer of 1986, according to Home Viewer Publications Inc., 1.4 million units had been

egory. Retailers say it is a good bet that a movie office blockbuster will be a cash register ringer. That is not always the case, however, in the rental market where consumers often prefer to rent a tape they were not willing to pay box office prices to see.

Buyers, including Craig Orta of K mart and Peter Donohue of Woolworth, believe the price of the frontline videos will continue to drop. During 1986,

are thousands of Public Domain movies and there will be a continuous feed of these titles as the copyrights to movies expire. Some new titles in the market include "Charade" with the late Cary Grant, "Godzilla vs. Megalon" and "Snows of Kilimanjaro."

Public Domain titles generally retail under \$9 and thus yield much higher turns than frontline offerings. Public Domain titles are often gobbled up by the new VCR owner who wants to develop a library without a heavy investment.

Retailers are balancing their mix with about a 50/50 split of frontline videos and Public Domain. Few see that shifting in the near future. Statistics show the budget movies accounting now for 50% of the business, down from 80% two years ago, and that is expected to be the settling point, according to retailers.

"The frontline movies are increasing, but at the same time budget is growing," points out Louis Kircos, secretary/treasurer at Handleman.

But distributors and movie houses will be pressed to continue to debut hot titles, especially because Cambridge Associates predict the popularity of movies designed for entertainment will wane as movies intended for children and how-to tapes grow. In 1985, for instance, the research firm estimated these general interest movies accounted for 70% of viewing. By 1987 that is expected to drop to 61%. The biggest growth will come from children's sku's and instructional offerings.

And some caution that the industry must keep up with the demand for the truly hot titles. "Our biggest concern is making sure there is enough availability and that the tapes can be duped



Frontline prices are declining.

sold for a whopping total of \$41.9 million at retail.

Beverly Hills Cop kicked off strong consumer interest in what is dubbed "frontline" video. Manufacturers have lowered the retail on these movies and some, such as HBO/Cannon, are putting a bounce into sales via commodity product marketing techniques such as sweepstakes and rebates.

The first half of last year saw monumental new debuts for retailers shelves. Titles including "The Sound of Music" (sales of \$11 million), "Alien" (\$8.2 million), "Romancing the Stone" (\$11.5 million) and "Jaws" (\$8 million) brought attention to the cat-

egory. Retailers say it is a good bet that a movie office blockbuster will be a cash register ringer. That is not always the case, however, in the rental market where consumers often prefer to rent a tape they were not willing to pay box office prices to see. Retailers, during 1986, were particularly impressed with Handleman's scary movie promotion featuring "Ghostbusters," "Poltergeist," "Carrie" and "Gremlins."

But even with frontline prices declining, there is room in the market for even lower priced Public Domain titles. According to a source at Handleman, there

**MOVIE THEATER BLOCKBUSTERS, PUBLIC DOMAIN TITLES,  
REBATES AND GIVEAWAYS GROW THE MARKET.**

in time," offers Jay Douglas at Lieberman Enterprise.

According to Jeff Baker, vp sales and marketing at Good Times Home Video in New York, there is always room in the customers' basket for quality tapes at good prices.

"These are impulse items priced under \$10 and we have some well-known titles with stars like Don Johnson or Henry Fonda which have a wide appeal."

Retailers including Caldor and Jamesway are making the most of Public Domain titles with ads touting Old Time Favorites.

Not to be outdone, frontline video distributors are getting into the act by selling tapes like they would sell detergent, with giveaways and rebates.

"We feel a rebate program will help raise the awareness level," says Tracy Dolgin at HBO/Cannon. The firm will shortly offer a \$5 rebate if a customer buys two specified movies—say "Rambo-First Blood II" and "Rambo-First Blood." Over 20 million rebates will be available with ads in magazines including *Time* and *People*.

"If you asked people in Christ-

mas 1985 if they knew they could buy frontline movies, no more than 50% would even know they could," says Dolgin.

Also, HBO/Cannon has a sweepstakes worth a dream trip to a location in one of six videos. The company has selected over 100 tested titles in six sell-through categories—frontline, exercise, children's, Public Domain, musicals and rock videos—priced from \$14.95 to \$39.95.

To get involved, customers answer video trivia questions in the store, a ploy many retailers agree will raise traffic levels.

## CHILDREN'S TAPES: ELECTRONIC BABYSITTERS

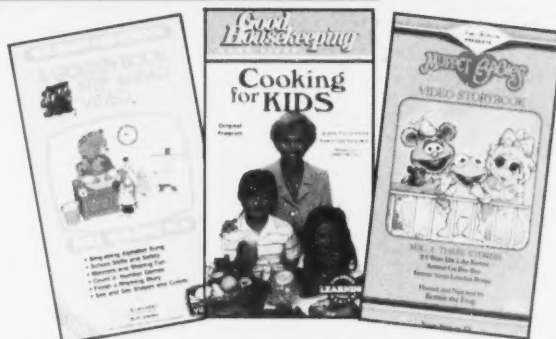
**P**rererecorded videotapes aimed at children produce about 18% to 20% of total sell-through volume. But what is even more promising for the category is that it builds repeat business and it is the fastest growing segment of the entire prerecorded market.

"A child will watch a tape over and over again," comments Bill Reitman, product manager youth electronics for Racine, Wis.-based Western Publishing. "Tapes are a good value to the parent and we have research which proves that if they like the tapes, they'll buy others and retailers like that."

Children's videos, some say, are becoming modern day babysitters. The tapes are preferred over TV because the parent can control what the child is watching.

"You have all these Yuppies out there who work so many hours they can't spend time with their kids, so they compensate by buying them everything, especially tapes which they view as an educational tool," says a buyer for a leading discount chain.

The burgeoning demand for quality children's tapes has



The magic price point is under \$15.

caused retailers to carve space out of video departments for children's titles. Some retailers, such as Child World, stock as many as 60 to 100 titles for children alone. While most locate children's selections within the video department, some are cross merchandising these titles on spinner racks in the toy department and/or book area.

The magic price point for children's offerings is under \$15. In fact, children's videos were the first to break the \$15 barrier—a move that triggered the sell-through market.

So strong is the potential for growth of youth-oriented titles

that chains often devote entire ads to children titles. Sears has announced its video departments will stock only "P" or "PG" titles—a move clearly showing where Sears feels the market is heading.

Children's tapes currently fall under three different headings: educational tapes, entertainment storyboards (often using licensed characters) and sing alongs. The current best sellers, according to Handleman are: "Sleeping Beauty" (\$29.95); "Pinocchio" (\$29.95); "Popples" (\$14.99); "Canine Commando" (\$14.95); "Chip & Dale" (\$14.95); "Sword in Stone" (\$29.95); "Leg-

**PRESENT SALES STRENGTH LIES IN ENTERTAINMENT TAPES.  
THE REAL SIZZLE IS EXPECTED FROM EDUCATIONAL.**



end of *Sleepy Hollow*" (\$19.95); "Mickey's Christmas Carol" (\$14.95); and "Sing Along Songs" (\$14.95).

Although the current favorites are entertainment oriented, the real sizzle will come from educational programs, suggests Robert W. Sigman, vice president sales & marketing for Kids Classics, a leading children's video distributor with titles such as "Betty Boop" and "Flash Gordon."

Kids Classics, for instance, has a new program of its own tapes approved by "Good Housekeeping Magazine." The tapes feature topics such as cooking, numbers and letters, colors and shapes and activities and crafts. The firm also has an agreement with Hensen Associates for "Muppet Babies Video Storybooks."

The beauty of original tapes is the company does not need to pay hefty licensing fees. These tapes are also perfect for series, which lead to multiple sales.

Western Publishing has ex-

panded its line from eight to 34 titles, according to Reitman. "We saw it as a natural to our book business and we just shipped our one billionth book," he adds. Some of Western's titles include "Pound Puppies," "Masters of the Universe," "Sesame Street" and "Care Bears."

Although children's video program sales have skyrocketed, the category carries some of the same problems of traditional videos. Balancing the titles can be tricky, especially since some children's titles move differently according to a region. Some titles just don't appeal to either the parents or the children. Then there's the question of whether it is a year-round business, or purely seasonal.

"These are many questions retailers have and it is one reason why so many turn to rack jobbers," explains Jay Douglas, video buyer for Lieberman.

As far as seasonality, Reitman believes it is still a business driven by the fourth quarter. But, he

adds, the availability of more and better titles is fueling a demand on a day-in-day-out basis. It is not uncommon, however, for retailers to beef up the selection during and just after Christmas.

Most vendors offer shrink-wrapped children's videos with a J-hook for hanging. And just like adult tapes, children's videos are getting titles before the rental market. Disney's "Sleeping Beauty," for example, is expected to be a blockbuster this year—it debuted at retail.

The possibilities down the road are endless, according to Douglas. "We'll see children's exercise tapes, cooking tapes and even Bible tapes."

What's more, buyers say, is the promise of interactive videos and toys. Several toy companies are teaming up talking toys with videos such as Lewis Galoob's *Smarty Bear*. That means the toys, plugged into the VCR, become a talking play partner for the child. *Smarty Bear* currently sells for \$65, the tapes cost \$20.

## Home viewer "Top 55" titles of all time

| Title (Label)                                      | Units     | Retail value (millions) | Title (Label)                                               | Units   | Retail value (millions) |
|----------------------------------------------------|-----------|-------------------------|-------------------------------------------------------------|---------|-------------------------|
| 1. <i>Beverly Hills Cop</i> (Par)                  | 1,400,000 | 41.9                    | <i>Jane Fonda's Prime Time Workout</i> (K/L)                | 210,000 | 8.4                     |
| 2. <i>Jane Fonda's Workout</i> (K/L)               | 1,000,000 | 60.0                    | 33. <i>The Goonies</i> (Warner)                             | 200,000 | 16.0                    |
| <i>Raiders of the Lost Ark</i> (Par)               | 1,000,000 | 36.0                    | <i>The Jewel of the Nile</i> (CBS/Fox)                      | 200,000 | 16.0                    |
| 4. <i>Clue</i> (Parker Brothers)                   | 600,000   | 24.0                    | <i>Star Trek—Motion Picture</i> (Par)                       | 200,000 | 11.2                    |
| <i>Making Michael Jackson's Thriller</i> (Vestron) | 600,000   | 18.3                    | <i>Mary Poppins</i> (Disney)                                | 200,000 | 8.8                     |
| 6. <i>Jane Fonda's New Workout</i> (K/L)           | 500,000   | 20.0                    | <i>We Are the World</i> (RCA/Col)                           | 200,000 | 3.0                     |
| 7. <i>Purple Rain</i> (Warner)                     | 475,000   | 14.2                    | <i>Amye Rosenberg's Golden Stories</i> (Western Publishing) | 200,000 | 2.2                     |
| 8. <i>Back to the Future</i> (MCA)                 | 450,000   | 36.0                    | <i>Animal Nursery Tales</i> (Western)                       | 200,000 | 2.2                     |
| 9. <i>Rambo: First Blood 2</i> (Thorn)             | 427,000   | 34.1                    | <i>Best Loved Golden Stories</i> (Western)                  | 200,000 | 2.2                     |
| 10. <i>Star Trek III</i> (Par)                     | 425,000   | 12.7                    | <i>Favorite Golden Stories</i> (Western)                    | 200,000 | 2.2                     |
| 11. <i>Return of the Jedi</i> (CBS/Fox)            | 415,000   | 33.2                    | <i>Little Critter &amp; Other Stories</i> (Western)         | 200,000 | 2.2                     |
| 12. <i>Ghostbusters</i> (RCA/Col)                  | 410,000   | 32.8                    | <i>Masters of the Universe</i> (Western)                    | 200,000 | 2.2                     |
| 13. <i>The Empire Strikes Back</i> (CBS/Fox)       | 400,000   | 32.0                    | <i>Sesame St. Favourite Stories</i> (Western)               | 200,000 | 2.2                     |
| 14. <i>Flashdance</i> (Par)                        | 385,000   | 13.9                    | <i>Sesame St. Popular Stories</i> (Western)                 | 200,000 | 2.2                     |
| 15. <i>The Wizard of Oz</i> (MGM/UA)               | 350,000   | 14.5                    | 47. <i>Playboy's Video Centerfold</i> (K/L)                 | 200,000 | 2.0                     |
| 16. <i>Gone With the Wind</i> (MGM/UA)             | 320,000   | 28.8                    | 48. <i>Robin Hood</i> (Disney)                              | 185,000 | 11.8                    |
| 17. <i>Star Trek II</i> (Par)                      | 305,000   | 10.4                    | 48. <i>The Karate Kid</i> (RCA/Col)                         | 180,000 | 14.4                    |
| 18. <i>Gremlins</i> (Warner)                       | 300,000   | 24.0                    | <i>A Nightmare on Elm St. Pt. 2</i> (Media)                 | 180,000 | 14.4                    |
| 19. <i>An Officer and a Gentleman</i> (Par)        | 295,000   | 10.0                    | <i>Tootsie</i> (RCA/Col)                                    | 180,000 | 11.9                    |
| 20. <i>Pinocchio</i> (Disney)                      | 275,000   | 14.7                    | 51. <i>The Delta Force</i> (Media)                          | 175,000 | 14.0                    |
| 21. <i>Rocky IV</i> (CBS/Fox)                      | 260,000   | 20.8                    | <i>Missing in Action</i> (MGM/UA)                           | 175,000 | 14.0                    |
| 22. <i>The Sound of Music</i> (CBS/Fox)            | 250,000   | 11.0                    | <i>Spies Like Us</i> (Warner)                               | 175,000 | 14.0                    |
| <i>Footloose</i> (Par)                             | 250,000   | 9.1                     | <i>Romancing the Stone</i> (CBS/Fox)                        | 175,000 | 11.5                    |
| <i>Trading Places</i> (Par)                        | 250,000   | 9.0                     | <i>Jane Fonda's Private Workout</i> (K/L)                   | 175,000 | 7.0                     |
| <i>White Christmas</i> (Par)                       | 250,000   | 6.2                     |                                                             |         |                         |
| 26. <i>Super Bowl Shuffle</i> (MPI)                | 245,000   | 4.9                     |                                                             |         |                         |
| 27. <i>Witness</i> (Par)                           | 240,000   | 19.2                    |                                                             |         |                         |
| <i>Terms of Endearment</i> (Par)                   | 240,000   | 9.0                     |                                                             |         |                         |
| 29. <i>48 Hrs.</i> (Par)                           | 230,000   | 8.1                     |                                                             |         |                         |
| 30. <i>Alice in Wonderland</i> (Disney)            | 225,000   | 6.7                     |                                                             |         |                         |
| 31. <i>Cocoon</i> (CBS/Fox)                        | 220,000   | 17.6                    |                                                             |         |                         |

Unit sales and retail figures include reduced-price promotions.  
Source: Home Viewer Publications Inc.

# HOW-TO TAPES: PUMPING PROFITS

**T**hree small words will translate into big dollars at retailer's checkouts in the months to come: Low Impact Aerobics.

Jane Fonda, the exercise guru, just launched her newest tape called "Low Impact Aerobics" and retailers and distributors alike pick it as one of the most promising titles of 1987.

The minute Fonda debuted her first tape and told millions of Americans to "go for the burn," interest ballooned in how-to tapes. While retailers were leery enough of frontline for the sell-through market, they were even more skeptical about how-to entries—until Jane came along.

"Her tapes have been phenomenal," offers Bob Gaddis, vp, finance and cfo at Commtron. "She's given the how-to segment real potential."

Fonda's exercise tapes have spawned others such as Raquel Welch's, Kathy Smith's, Jacki Sorenson's and Bubba Smith's. Some companies Good Times Video, for example, have produced their own workouts. In fact, Good Times just unwrapped its low impact aerobics entry at significantly lower than the \$39.95 price tag on Fonda's. The Fonda tapes have all sold briskly, retailers note, despite the pricey ticket.

"But," says Good Times' Jeff Baker, "we feel there is a customer who wants exercise programs at a more affordable price."

Fonda's tapes alone carry astounding sales figures. The premiere tape is the No. 1 seller in dollars at \$60 million; the "Jane Fonda New Workout" has amassed \$20 million and even the "Prime Time" tape (aimed at an older market or pregnant women) has reached over \$8 million in sales.

Indeed, exercise tapes have helped create about a \$90 million market for how-to tapes. These educational tapes—coupled with

children's tapes—are pegged to be the fastest growing portion of the sell-through market. These tapes bring back repeat business and are often more profitable. Retailers can also cross merchandise how-to tapes in different departments.

Caldor, for example, stocks exercise tapes near exercise albums. How-to-cook tapes can go

Baker at Good Times believes lower prices are stimulating the once dormant market. "The advent of \$12.99 and \$9.95 how-to tapes is opening the market up. Before the pricing was a turnoff."

Baker is banking on the strong appeal of its internal self-help tapes such as how to stop smoking or how to lose weight.

Retailers, however, are being



*Jane Fonda's workout tape is the industry leader in the how-to category.*

in food sections; make-up tips tapes in cosmetics and sporting goods videos in the sporting goods department.

But the struggle is to make tapes other than exercise offerings successful, says a source at Montgomery Ward. There's a plethora of how-to tapes and not all are going to work. Retailers run the risk of inundating their mix with poor performers.

And, although Fonda's tapes dot the Top 100 seller list, no other how-to title has achieved that distinction. Yet distributors have confidence.

A significant 8.1% of the *Chain Store Age*/Leo J. Shapiro & Associates surveyed responded they had purchased an educational or instructional film for adults in the last year.

stingy with space for how-to tapes, especially since they are juggling so many sku's in the department. In addition to exercise tapes, the other area off to the fastest start is sporting tips tapes.

"If you get a big celebrity behind a tape, say Jack Nicklaus for golf, the tape has a better chance," offers a buyer at Clearwater, Fla.-based Eckerd Drug. Skiing titles are moving well this winter, even at prices as steep as \$49.95.

Despite mixed feelings about how-to's, retailers say the category does not require promotion. The titles are extremely impulse oriented so the key to success is high visibility, concludes one rack jobber.

**EXERCISE AND CHILDREN'S TAPES ARE PEGGED TO BE THE FASTEST GROWING SEGMENT OF THE MARKET.**

# A SHOT IN THE ARM FOR CD PLAYERS

Not even three years into its short life, the compact disc player is a smash. Digital technology is giving the audio business its first hit since stereo.

**W**hat do Bruce Springsteen and compact disc players have in common? They both are giving the audio industry a much needed shot in the arm. Springsteen's hit recording is giving the record business its first unqualified hit since Michael Jackson. CD players are giving the audio business its first hit since—well, stereo. And it is no coincidence that CD player owners are parting with up to \$50 a shot to buy Springsteen on compact disc.

Not even three years into its short life, the compact disc player is a smash. About 7 out of 10 households in the latest MarkeTrends poll say that they have heard of a compact disc player. A little over one-third of households say they actually have listened to a CD recording.

And they like what they hear. About 7 out of 10 in the group that has heard a CD recording report that they can detect a difference between CDs and black vinyl. The hands down winner is digital—by a margin of over 100 to 1. When asked to rate how much better CD sounds, customers in the MarkeTrends sur-

vey say, "a lot better" by a 2 to 1 margin.

Listening, then, is believing—or more accurately, listening to a compact disc recording is the single best way to sell a CD player. Of those who say that there is at least some chance that they will buy a CD player within the next 12 months, 60% have actually heard a digital recording. Only 45% who say that there is no chance they will buy this year have ever heard a CD.

The study confirms what vendors have been saying for nearly three years, but what downright few retailers have put into practice. Audio departments should have the same

recording available for customer listening in all three formats—digital, black vinyl and cassette tape. If customers can hear the difference—and the majority will—then the product itself will do the rest of the selling.

How strong is that selling push? So strong that 12% of current CD player owners say that they definitely will buy another player in 1987. Another 12.2% report that they maybe or probably will purchase a second CD player this year. And among the 4.5% of the MarkeTrends sample who say there is at least some chance they will buy a CD player for their car in 1987, all of those who say they definitely will buy are current CD player owners.

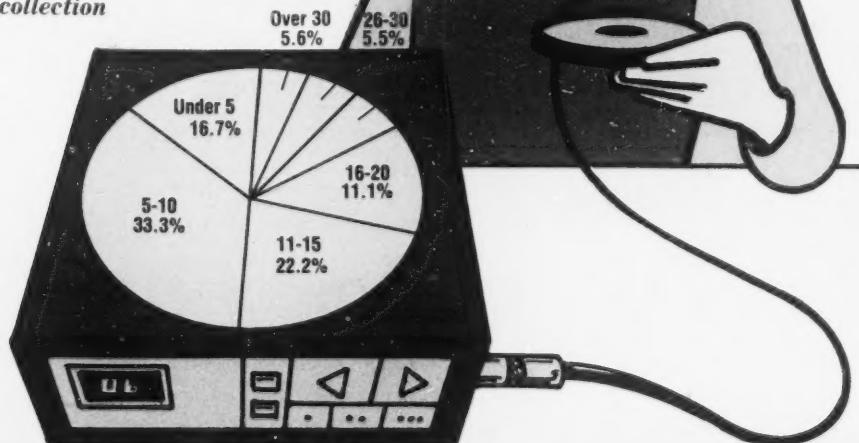
The industry's very success in establishing CD's benefits, however, may be driving the market into price competition as the only way to distinguish players. "Companies were very effective in promoting the generic benefits of compact disc technology," says Venture Development analyst Raymond Boggs.

"Unfortunately, this leads naturally to a commodity business where price is everything."

"The challenge for manufacturers," continues the Natick, Mass.-based researcher, "is to use every means possible—brand name, features, cosmetics—to differentiate products from those of the competition."

The effect of price competition over the last year is clearly evident in the MarkeTrends survey. While those who already own a CD player report having spent an average \$391, those who plan on buying this year expect to pay al-

*A dozen discs in the average collection*



Source: Chain Store Age/Leo J. Shapiro & Associates

most one-fourth less, or only \$300.

But despite the industry's tendency to turn to price competition over all others, the MarkeTrends poll clearly shows that there are factors other than price which affect the customer's buying decision.

Asked to rank the importance of construction, warranty length, brand name and cosmetics, how well a CD player is made is the most important criterion customers use in choosing a specific product to buy. In the sample 58% rank construction as very important. Warranty length is rated very important by 54%, brand name 30%, and cosmetics 20%.

The relative weakness of brand name in the customer's buying equation may be troubling news for vendors, but for the home electronics retailer, it could prove a boon. With potential customers little concerned about what brand they will buy, retailers will feel free to strike the best deals they can and then sell features and reliability.

High end customers might be sold on features such as advanced error correction and oversampling techniques regardless of manufacturer. Low and middle segment shoppers might be grabbed by selling remote control and faster track-to-track ac-

cess time. Since all the features are available from a wide variety of vendors, retail buyers will be able to pick and choose from the manufacturers which offer the best deal.

How little does brand mean to customers for compact disc players? So little that when asked what brand they intend to buy, "no answer" is the top choice among those who say there is at least some chance they will buy a CD player this year.

Among potential buyers who do have a brand preference, Sony is the No. 1 choice, followed by Fisher, Panasonic, Pioneer, RCA, Sharp, Zenith and Yamaha.

From the current study, price breaks for assortments are still difficult to determine, probably due to the confusion sown by heavy price competition last year. Almost one-fourth of customers cannot give an estimate of what they think they should pay for a CD player.

Of those who do know what they expect to pay, there appear to be four prime price points. At the low end, \$150 to \$179 is the answer for about 5% of those polled. Another 11.7% think \$200-\$249 is the right price, while 14% say \$300-\$349. There is a healthy upper end, composed of 15% of the sample, which

expects to pay over \$500.

Given the choice between a home CD unit and a portable disc player, customers in the MarkeTrends poll pick home units by a 2 to 1 margin.

Though CD players are still the plaything of the better heeled, as time goes on, their customers are becoming more and more middle class. Average income for households which already own a digital disc player stands at \$36,500, but falls to \$34,000 for those who say they might buy in 1987.

Age and education levels of those who will buy this year are also falling. Current CD player owners are 31.7 years old, but this year's buyers will be a few months younger at 31.4. While last year's buyer was more likely to have a college or post graduate degree, this year's buyer will include a healthy chunk of those with high school educations.

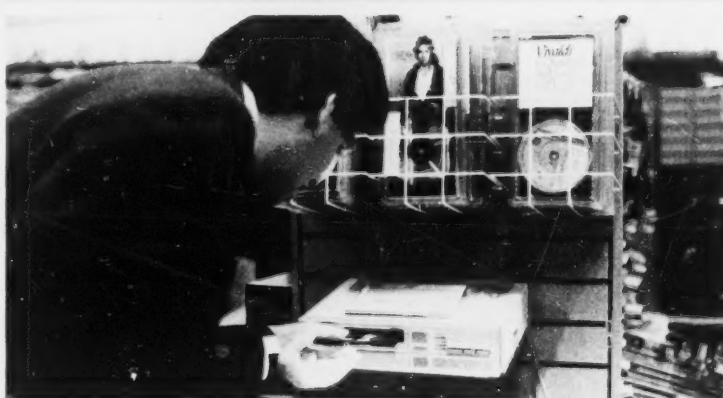
Men still account for a disproportionate share of those who plan to buy digital players in 1987. Put all together, the best customer for CD players this year will be a white male in his early 30's with an income of \$34,000, a high school education or better, and who lives in the suburbs of a metropolitan area with a population of one million plus. □

## What good is the razor less the blade

Retailers discovered some time ago that the nice thing about razors were razor blades. They are now happily discovering the same relationship with CD players and compact discs. After plunking down \$391 for a CD player, the average owner spends another \$198 for discs—or about half the cost of the player itself.

According to the latest CSA MarkeTrends poll, there are 12.4 discs in the average collection. Customers report spending about \$15 for each recording. A significant number of CD-player owners—1 in 10—say that they own 25 or more discs already.

Customers with big disc collections are the best prospects for buying a second CD player. In the poll, those who both already own a CD player and who say that there is at least some chance that they will buy an additional



player in the next year, have twice as many discs as those who say they will not buy a second player this year.

The problem for most retailers will be figuring a way to sell both. Most general merchandise chains—as well as the electronics

specialists—have adopted top-seller only merchandise strategies in records and tapes. The best customer for both compact discs and CD players is still a more serious music fan for whom these selections might prove inadequate.



## FASHION AND FEATURES WIN OUT IN ADC'S

Once brand-loyal, shoppers are turning fickle. The new coffeemaker look may be opening shoppers to brand-switching. Euro-styling is changing the rules of the game.

**M**r. Coffee went for a European facelift last year. It was not a moment too soon, according to results of a recent *Chain Store Age* MarkeTrends survey. The study uncovered dramatic shifts in the automatic drip coffeemaker marketplace.

Once a commodity item purchased only "when the old coffeemaker gave out," as one discounter put it, the ADC has changed. Fashion and features are outweighing price promotions, and shoppers who were once brand-loyal are turning fickle.

Research found two-thirds of the households surveyed already

stocked with the average ADC being four years old. Slightly more than one-third of current coffeemaker owners chose a Mr. Coffee, but the brand's iron grip on the top rung has slackened. Respondents whose ADC's were bought less than two years ago are less likely to own a Mr. Coffee than are households with older coffeemakers.

Owners and nonowners of the appliance were asked what brand they would want for their first or next coffeemaker. Mr. Coffee persisted in winning the popularity contest, but slipped, earning 23.5% of the votes.

Mr. Coffee's loss did not translate into its competitors' gain. Most also-

rans posted decreases, too. Collectively, G.E. and Black & Decker are presently owned by 14% of the sample, but they attract buying intention from only 12% (most of whom are unaware that the G.E. nameplate has been replaced by Black & Decker).

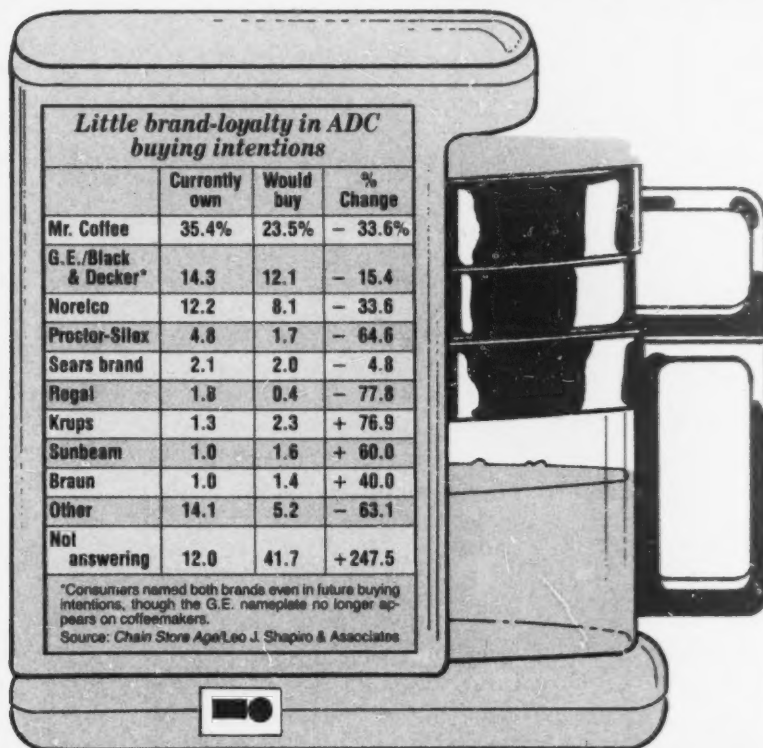
Norelco, now owned by 12%, would be selected in the future by only 8%. Krups and Braun showed slight gains, but not enough to account for Mr. Coffee's decline of marketshare.

The industry leader's slippage was largely owed to the whopping 42% of the sample who had no answer to the brand-preference question. By contrast, just 12% of current owners could not say what brand they own now. Consumers are aware of the label on their current ADC, but do not necessarily want it on their next one.

The new look in coffeemakers may be opening these shoppers to brand-switching. The survey did not detect an enormous rush toward European fashion, but there are indications that Eurostyling is changing the rules of the game.

In surveying for reactions to Eurostyle, it was decided that consumers would be asked how they felt about imports, even though made-in-U.S.A. coffeemakers resembling the Continental competition are already on store shelves.

With only 3.1% of the sample definitely planning to purchase an ADC in the next 12 months (an additional 25% rate their chances as "maybe" or "probably"), not many households are actively shopping for the product. Therefore, it will take some time before they associate familiar brand names with clean lines and alabaster white. However, reactions to imports can be expected to spill over to the U.S.-made look-



alikes.

So far, the reaction is mixed. Nearly three-quarters of the respondents claim they have never seen a European-made ADC. Those who have are split nearly evenly on the esthetics question. About 48% prefer the imports to American models, while 40% have the opposite opinion.

That leaves a relatively small segment of the market clearly in favor of Eurostyle, but it is a segment that could pack a wallop. For one thing, consumers who know and like European imports outpace the rest of the sample in buying intention. More than one-third of them rate their chances of a next-year coffeemaker purchase as "maybe" or better, compared with 28% of the market as a whole.

The admirers of imports also exhibit a strong inclination to make their next purchase in a department store, selected by 36% of them as the place they would go for a coffeemaker.

Consumers shopping for Eurostyle have already had a profound effect on the ADC business. As Norelco execs unveiled their Eurostyle line last spring, they noted that department stores are getting an increasing chunk of the business. Later, Norelco aimed even more closely at department stores by launching its Limited Edition line, designed for that class of trade.

CSA MarketTrends research seems to support Norelco's contention. Nearly 16% of those polled intend to buy their next drip appliance in a department store. That very nearly equals the percentage who plan to shop Sears, Penney or Ward. Discounters lead, drawing 26% of the mentions, while catalog showrooms are the choice of 9%.

All trade classes stand to make better profits on coffeemakers, research suggests. When Norelco eliminated rebates on ADCs, insisting that consumers do not buy them on price, the move was considered controversial. But survey results indicate that Norelco may have been right—to a point.

Respondents are not necessarily ready for big tickets on coffeemakers. The research found that they are remarkably irresolute about price. More than one-fifth of those polled had no answer to the question regarding the amount they expect to pay for the model they want.

**What are your chances of buying an ADC in the next 12 months?**

|            | All respondents | Those who prefer European looks |
|------------|-----------------|---------------------------------|
| Definitely | 3.1%            | 4.8%                            |
| Probably   | 6.0             | 10.3                            |
| Maybe      | 19.2            | 19.2                            |
| Total      | 28.3            | 34.3                            |

Source: Chain Store Age/Leo. J. Shapiro & Associates

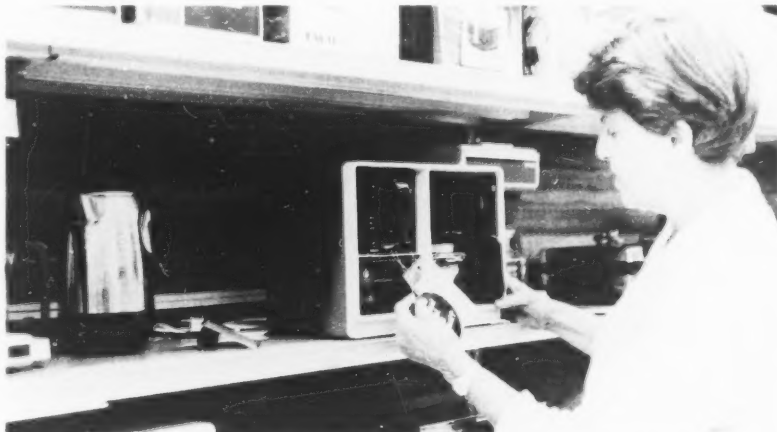
Of those with answers, 37% anticipate spending between \$25 and \$39.99, while nearly 30% are braced for \$40-plus. A mere 11% plan to pay less than \$25.

When it came to questions about

intentions. Storage problems may be speeding up the replacement cycle.

When it comes to features, the mundane emerge victorious over the exotic. Consumers feel very strongly that their next ADC should have an on-indicator light and take standard paper filters. They are less insistent about brew-strength regulation and built-in carafes. Somewhat surprisingly, they are also lukewarm about the brew-stoppage feature much trumpeted in advertisements.

On a scale of 1 to 9, with 9 signifying "absolutely essential" and 1 meaning "not important at all," the on-indicator light earned an average rating of 7.84. Judged second most important among the features eval-



*Under-the-cabinet ADC's have survived the under-the-cabinet shakeout.*

capacity and features, consumers were much more decisive. As found in past CSA MarketTrends research, the ideal coffeemaker brews 10 or 11 cups. That capacity was selected by 33% of the sample, while 19% want a 12-cup ADC. Only a tiny portion (2.5%) are interested in less than four cups. Black & Decker is aggressively courting them with its Cup-At-A-Time model.

A significant 35% of those surveyed will be looking for a clock built into their next ADC. Consumers who want to combine coffee drinking and clock watching indicate a stronger preference for digital over analog timepieces.

Under-the-cabinet coffeemakers will be chosen by 24%, further evidence that ADC's have survived the under-the-cabinet shakeout. Households planning to hang their next coffeemaker beneath a cabinet register higher than average buying

uated was the ability to take standard-sized paper filters, with an average score of 7.6.

Brew-strength regulation was considered less vital, averaging 6.63 on the importance scale. The built-in carafe option earned a score of 6.23 on average, followed by the brew-stoppage feature with a rating of 6.2.

Final proof that the age of the current coffeemaker is decreasingly important in stimulating sales: more than half the consumers with definite or probable buying intentions have had their coffeemaker for less than three years.

With the most-wanted features being the most commonly available, and with appliance age no longer driving buying intentions, it is clear that ADCs have become a fashion business. Clocks, under-the-cabinet and esthetics are the determining factors. □

# CONSUMERS KNOW WHAT THEY WANT IN TOWELS

They want them big and they want them on sale. Just about every income group is promotion-driven. Households earning over \$20,000 are especially bargain conscious.



*Most consumers have learned that white sales are a frequent occurrence.*

Consumers can easily list what they want in a bath towel. Nearly 3 out of 5 would choose an oversized bath towel over a regular bath size, and a clear majority (70%) prize absorbency more than durability. *Chain Store Age* MarketTrends research found that few people have no opinion on these matters.

Shoppers also tend to be certain about something else, the recent survey revealed. Not only do they know what their ideal towel is like, but they are confident that they can get it on sale.

Retailers are often criticized for failure to communicate and educate. However, when it comes to towels, the average merchant is an outstanding teacher. Most consumers have learned that white sales come along as often as the Fifth Avenue bus. And they are happy to wait,

even when they have a fancy towel in mind.

Overall, 78% of those polled said they would not buy the towel they want until their preferred store ran a sale on it.

Shoppers have been so well trained that even high-income consumers do not want to buy towels at regular prices. In fact, the survey revealed that households with an annual income exceeding \$20,000 tended to be more sale-oriented than the downmarket.

Consumers topping the \$20,000 mark composed 68.2% of the sample but a slightly larger portion (69.4%) of those who would wait for a sale.

Among those eager to sniff out sales were households in the \$40,000 to \$50,000 income bracket. They made up 11.8% of the households surveyed, but 12.3% of the confirmed white sales shoppers.

By contrast, consumers making less than \$20,000 tend to be less promotion-driven. Comprising 30.9% of the sample, they were only 29.4% of those fixated on sales.

Department store shoppers outpaced everyone else in their zeal for sales. A sizeable portion of the sample (28.4%) plan to shop department stores for towels. They constitute a disproportionately large chunk (30.8%) of the group demanding a sale.

Consumers who prefer Sears, Penney or Ward for towels are less likely to scan the newspapers for white-sales ads. They compose 34.1% of the sample, giving the Big 3 the lead in store-preference votes, and about the same percentage of the sale-addicted group. They like sales, but not to a remarkable degree.

Discount stores trail the Big 3 and department stores in consumers' shopping plans. The towel shoppers they attract might be assumed to be a price-sensitive bunch. Surprise! This group falls several percentage points behind department store shoppers in sale responsiveness.

Markdown mania climbs up the income scale, extending even to respondents who say they are willing to pay extra for a towel of pima cotton. People preferring pima tend to be professional-managerial, inclined to shop at department stores—and just as sale-conscious as everybody else.

However, even when put on sale, top-of-the-line goods can command higher prices. Those who are ready to pay more for pima are likely to name \$10 as the additional amount. Pima spells relief for margins.

And whether it happens to be pima or not, the towel purchased by a shopper who would pay more for pima can carry a heftier price tag. Pima lovers anticipate spending

\$9.30 on average for a regular-size bath towel, compared with the average \$7 expected by the market as a whole.

That sounds like good news until you stop and think about it. A \$9.30 tag on a highly desired bath towel?

In a bold move, the Los Angeles-based Bullock's department store chain has decided to put the brakes on promotions and try to coax shoppers up to \$16.50 for Fieldcrest's Royal Velvet in bath, \$29 for Martex's Patrician Pima in the same size.

Quite a step, when even \$20,000-a-year households are steering clear of everyday prices. Bullock's customer, as it happens, tends to have an income of more than double that figure, and CSA MarkeTrends research did find that white sale madness finally reverses at the very upper end of upscale.

Most stores have to depend more heavily on moderate-income shoppers. That includes department stores. The survey shows that if there is anywhere a department store shopper will go slumming, it is at the towel wall.

Help may be on the way in the form of patterned towels. The mills de-emphasized them years ago because patterns are usually on sheared towels, and most consumers prefer terry loops.

That is still the case. The survey found only 14% of those polled preferring patterns to solids. However, response to sheared terry is surprisingly strong, with 35% naming it as the texture of choice, compared with 56% for terry loops.

Most consumers value a bath towel's practical features over its appearance, by about a 7 to 2 ratio. However, consumers most swayed by appearance compose a market segment which could become meaningful in several ways.

Young people show some tendency to prize appearance more than practicality. The important 25-34 age group composes a big concentration of those leaning toward appearance. They also outpace the general market in their receptivity to sheared terry and patterns.

And this appearance-aware group is not particularly stirred by sales. Their attitude toward bargain days is just average.

Shoppers concerned about towel appearance differ from the purely practical consumer in color preferences. On the whole, blue headed

### What size bath towel do you prefer?



Source: Chain Store Age/Leo J. Shapiro & Associates



Department store shoppers outpaced everyone else in their zeal for sales.

### Everyone loves white sales—especially the affluent

Would you wait for a sale to buy the towel you want?

|                                 | Percentage of total sample | Percentage of those who wait for sale |
|---------------------------------|----------------------------|---------------------------------------|
| Household income over \$20,000  | 68.2%                      | 69.4%                                 |
| Household income under \$20,000 | 30.9                       | 29.4                                  |

Source: Chain Store Age/Leo J. Shapiro & Associates

the desired-color list for those preferring solids, winning 34% of the group's votes. The next most-wanted color, brown, trailed blue by nearly 22 percentage points. Among the other colors named, only yellow and beige topped 8%.

But blue was slightly less popular with appearance-oriented consumers. That segment gave higher-than-average approval to peach and green. Peach was last year's "in" color in domestics and is now considered a basic in some department store assortments.

Perhaps even more significant is the close correlation between attention to towel appearance and desire for pattern.

A slight majority of respondents preferring patterns want it to be

woven rather than printed. Jacquard towels, part of the growing "fancy" category, are showing strength at many stores. The survey findings suggest that they may find acceptance among younger shoppers, and they may not need to be as heavily promoted as other towels.

Higher-end patterned towels from Springmaid will soon arrive on shelves. Springs has introduced its most extensive line of towels to date, coordinating many of them with its bed fashions. Jacquard weaves play an important role.

Interestingly, consumers who prefer prints outstrip others in their desire for cotton/synthetic blends. However, blends do not find much of an audience among any market segment. More than three-quarters of those surveyed want their towels to be 100% cotton, and even the 16% who like blends want cotton to predominate in the fabric mix.

Fieldcrest Cannon has been sampling cotton/rayon and cotton/acrylic blends in its labs as possible supplements to the usual polyester and cotton combination. CSA MarkeTrends research indicates that it will take some talking to win even blend-prone shoppers over to these new duos. Nearly two-thirds of the sample gave thumbs down to them both. □



## SG&A cuts post higher profits

Retailers began paying the price for the Tax Reform Act of 1986, as the loss of investment tax credits took a chunk out of third quarter earnings. LIFO charges took still another nibble at profits, but in the end a sampling of 23 of the nation's biggest retailers indicates earnings for the quarter were up almost 15%, just short of their 20% performance for the first nine months.

However, at Sears Merchandise Group, earnings for the quarter nosed ahead a more modest 1.9%. Increased provisions for both LIFO reserves and uncollectable accounts offset benefits from reduced pension expenses due to changes in accounting rules and actuarial assumptions.

Sears earnings for the first nine months of the current fiscal year, which are down 0.8% from 1985, still suffer from the catalog giant's first quarter earnings collapse. In reporting quarterly figures, however, Sears noted that margins had stabilized and that there was a slight reduction in SG&A expenses.

Fellow cataloger J. C. Penney also reported improved gross margins for the third quarter, as the company's sale promotions were reduced according to plan. Earnings at Penney were up almost 25% for the quarter and are running 30% ahead for the nine month reporting period.

Penney noted that selling, general and administrative costs fell in the quarter due to tighter expense controls. While salaries and personnel related costs rose to serve increased customer traffic, and advertising expenses decreased, the company reported that these costs declined as a per cent of sales in both the quarter and nine months.

Promotional campaigns at K mart reduced gross margins modestly during the quarter, but were offset by a reduction in operating expenses from 25.6% of sales in the third quarter of 1985 to 24.6% in this year's reporting period.

K mart attributed its 13% third quarter profit gain to continuing strong sales of apparel and improvements for both sporting goods and automotive departments. For the nine months K mart earnings are up 41% over a comparatively weak 1985.

## 3rd quarter saw 14.9% gain

| Chain               | 3rd quarter<br>(000 omitted) |                  |               | Nine months<br>(000 omitted) |                    |               |
|---------------------|------------------------------|------------------|---------------|------------------------------|--------------------|---------------|
|                     | 1985                         | 1986             | % change      | 1985                         | 1986               | % change      |
| Sears               | \$166,900                    | \$170,000        | + 1.9         | \$ 381,200                   | \$ 378,300         | - 0.8         |
| Penney              | 93,000                       | 116,000          | + 24.7        | 173,000                      | 225,000            | + 30.0        |
| Ward                | (15,000)                     | 13,000           | N.M.          | (14,000)                     | 29,000             | N.M.          |
| <b>Subtotal</b>     | <b>\$244,900</b>             | <b>\$299,000</b> | <b>+ 22.1</b> | <b>\$ 540,200</b>            | <b>\$ 632,300</b>  | <b>+ 17.0</b> |
| K mart              | 77,400                       | 87,300           | + 12.8        | 210,700                      | 297,300            | + 41.1        |
| Ames                | 10,655                       | 11,049           | + 3.7         | 22,348                       | 23,101             | + 3.4         |
| Jamesway            | 3,493                        | 4,145            | + 18.7        | 6,040                        | 7,600              | + 25.8        |
| Roses               | 5,504                        | 6,205            | + 12.8        | 12,774                       | 16,493             | + 29.1        |
| Wal-Mart            | 70,917                       | 96,531           | + 36.1        | 194,416                      | 265,786            | + 36.7        |
| Woolworth           | 38,000                       | 49,000           | + 29.0        | 71,000                       | 97,000             | + 36.6        |
| Zayre               | 26,985                       | 22,876           | - 15.2        | 58,167                       | 45,182             | - 22.3        |
| <b>Subtotal</b>     | <b>\$232,954</b>             | <b>\$277,106</b> | <b>+ 18.6</b> | <b>\$ 575,445</b>            | <b>\$ 752,462</b>  | <b>+ 30.8</b> |
| Allied <sup>1</sup> | 22,940                       | 28,832           | + 25.7        | 53,807                       | 67,235             | + 25.0        |
| Carter Hawley Hale  | 9,182                        | 16,425           | + 78.9        | 29,102                       | 42,565             | + 46.3        |
| Dayton Hudson       | 56,900                       | 32,300           | - 43.2        | 130,300                      | 107,600            | - 17.4        |
| Federated           | 57,538                       | 34,480           | - 40.1        | 132,589                      | 116,348            | - 12.2        |
| May Co.             | 58,500                       | 73,600           | + 25.8        | 151,400                      | 167,800            | + 10.8        |
| Mercantile          | 25,234                       | 27,350           | + 8.4         | 55,714                       | 63,120             | + 13.3        |
| <b>Subtotal</b>     | <b>\$230,294</b>             | <b>\$212,987</b> | <b>- 7.5</b>  | <b>\$ 552,912</b>            | <b>\$ 564,668</b>  | <b>+ 2.1</b>  |
| Oshman's            | 527                          | (1,136)          | N.M.          | 806                          | (2,751)            | N.M.          |
| Toys "R" Us         | 7,644                        | 12,755           | + 66.9        | 31,666                       | 36,157             | + 14.2        |
| <b>Subtotal</b>     | <b>\$ 8,171</b>              | <b>\$ 11,619</b> | <b>+ 42.2</b> | <b>\$ 32,472</b>             | <b>\$ 33,406</b>   | <b>+ 2.9</b>  |
| The Gap             | 13,057                       | 21,279           | + 63.0        | 12,358                       | 39,897             | + 222.8       |
| The Limited         | 42,120                       | 68,621           | + 62.9        | 89,210                       | 140,243            | + 57.2        |
| Edison Bros.        | 6,500                        | 7,100            | + 9.2         | 15,400                       | 16,300             | + 5.8         |
| <b>Subtotal</b>     | <b>\$ 61,677</b>             | <b>\$ 97,000</b> | <b>+ 57.3</b> | <b>\$ 116,968</b>            | <b>\$ 196,440</b>  | <b>+ 67.9</b> |
| Clothes Time        | 3,402                        | 3,964            | + 16.5        | 8,597                        | 10,224             | + 18.9        |
| Ross                | 2,600                        | (1,200)          | N.M.          | (331)                        | (8,000)            | N.M.          |
| <b>Subtotal</b>     | <b>\$ 6,002</b>              | <b>\$ 2,764</b>  | <b>- 54.0</b> | <b>\$ 8,266</b>              | <b>\$ 2,224</b>    | <b>- 73.4</b> |
| <b>Total</b>        | <b>\$783,998</b>             | <b>\$900,476</b> | <b>+ 14.9</b> | <b>\$1,826,263</b>           | <b>\$2,181,500</b> | <b>+ 19.5</b> |

<sup>1</sup>Excluding extraordinary charges and credits.  
Source: Chain Store Age research

N.M. = Not meaningful.

( ) indicates loss.

Wal-Mart's 36% quarterly gain and 37% year-to-date performance, however, come on top of an equally strong year in 1985. In absolute dollars, Wal-Mart's \$265.8 million earnings for the first three quarters of 1986 puts it behind only Sears and K mart.

Despite the addition of 20 additional Sam's Wholesale clubs over the last year and their embedded lower gross margin, Wal-Mart's pretax earnings for the third quarter of 1986 exactly matched last year's 6.2% of sales.

Zayre posted a 15% profit drop in the third quarter. Coming on the heels of 65% second quarter earnings plunge, totals for the nine-month period are down 22% from last year.

Among the department stores, both Dayton Hudson and Federated posted big earnings slumps for the

quarter. Dayton Hudson profits slipped 43%, while Federated dropped 40%. The culprits, according to both companies, were charges to refinance long term debt, increased LIFO provisions and higher effective income-tax rates.

Earnings from continuing operations without extraordinary charges were down 15.4% at Federated and 8.8% at Dayton Hudson. Net earnings from continuing operations at the newly merged May-ADG were up 22% for the quarter.

Carter Hawley Hale turned in the best profit gains among the department store operators. So good that they tempted The Limited's Leslie Wexner to make another bid for the company. For the third quarter, CHH earnings were up 79% over the same period in 1985. For the nine months, profits are ahead 46%.

## November sales weakest in West

November sales inched up a modest 6.3% for the 16 retail companies tracked by *Chain Store Age*, but even that total overstates the month's weak retail climate. Most merchants posted paltry 1%-2% same-store gains over one of last year's softest reporting periods. For the first nine months of the current fiscal year, volume for the 16 chains is up 9.9%.

National retailers reported slow sales for the beginning weeks of the month with a pick up in activity just before Thanksgiving. However, most said that the increased Thanksgiving week activity did not carry over into December's first week.

Sales were weakest in the West, where unseasonably warm weather sent customers to the beach, rather than to the mall for winter apparel. Carter Hawley Hale, which operates The Broadway Southern California, Weinstock's and Emporium Capwell in the state of California, reported comparable store figures for its department store group rising only 2.2%.

At Dayton Hudson, the company said that its November sales were strong in the Midwest, but "noticeably weaker" on the West Coast. Volume dropped 6% at its Mervyn's unit, which Dayton Hudson reported "is experiencing gross margin pressure resulting from a highly competitive West Coast retail environment."

For Sears, the nation's largest retailer, same-store results were up a paltry 1.1%, below even its year-to-date gain of 2%. J. C. Penney also reported comparable sales gaining only 1.4% for its store and catalog operations, which the company characterized as "slightly below plan."

Penney chairman William R. Howell, commenting on the month's results, said that there was less promotional activity during the period than in the prior year. Best sellers, according to Howell, were stereos, toys, athletic footwear, women's accessories and decorative accessories for the home.

Once again, Wal-Mart, despite general economic weakness in its trading areas, turned in record breaking sales performance. Overall volume in November jumped

## Same-store sales rise only 1%-2%

| Major chains           | % change | November sales* |              | Stores |       | 9-mo. sales*  |              | % change |
|------------------------|----------|-----------------|--------------|--------|-------|---------------|--------------|----------|
|                        |          | 1986            | 1985         | 1986   | 1985  | 1986          | 1985         |          |
| Sears <sup>1,2</sup>   | + 1.1    | \$ 2,363,700    | \$ 2,337,600 | 806    | 800   | \$ 20,942,800 | \$20,532,500 | + 2.0    |
| Penney <sup>2</sup>    | + 1.2    | 1,357,000       | 1,341,000    | 1,879  | 1,979 | 10,220,000    | 9,676,000    | + 5.6    |
| Ward <sup>1,3</sup>    | + 2.3    | 413,091         | 403,679      | 294    | 316   | 3,331,400     | 3,312,900    | + 0.6    |
| Dayton Hudson          | +13.0    | 946,600         | 837,800      | 1,285  | 1,211 | 7,290,000     | 6,540,000    | +11.5    |
| Federated <sup>4</sup> | + 5.8    | 812,400         | 768,200      | 502    | 490   | 6,531,300     | 6,229,100    | + 4.8    |
| May Dept. Stores       | + 7.6    | 1,011,300       | 939,900      | 2,744  | 2,375 | 7,944,500     | 7,253,400    | + 9.5    |
| Allied Stores          | + 6.9    | 445,500         | 416,800      | 694    | 640   | 3,434,000     | 3,185,000    | + 7.8    |
| Carter Hawley Hale     | + 5.0    | 397,100         | 378,300      | 318    | 299   | 3,140,000     | 2,980,000    | + 5.4    |
| Mercantile             | + 6.6    | 206,800         | 193,900      | 82     | 80    | 1,566,300     | 1,453,500    | + 7.8    |
| K mart <sup>5</sup>    | + 7.1    | 1,953,200       | 1,823,000    | 2,204  | 2,187 | 18,155,600    | 16,897,500   | + 7.4    |
| Wal-Mart               | +34.8    | 1,247,000       | 925,000      | 1,020  | 868   | 9,337,000     | 6,603,000    | +41.4    |
| Zayre                  | +29.7    | 536,900         | 414,000      | 1,097  | 985   | 4,175,100     | 3,156,700    | +32.3    |
| Bradlees               | +14.2    | 201,000         | 176,000      | 162    | 158   | 1,429,000     | 1,240,000    | +15.2    |
| Tandy                  | +14.0    | 336,135         | 294,737      | N/A    | N/A   | 2,647,407     | 2,298,579    | +15.2    |
| Circuit City           | +40.3    | 114,100         | 81,300       | 88     | 111   | 739,600       | 482,100      | +53.4    |
| Federated Group        | +20.1    | 40,000          | 33,300       | 68     | 56    | 321,700       | 261,000      | +23.3    |
| Totals & Averages      | + 6.3    | \$12,381,826    | \$11,645,516 | —      | —     | \$101,205,707 | \$92,101,279 | + 9.9    |

\*000 omitted. N.C. = no change. N.A. = not available.

<sup>1</sup>Store number for full-line outlets only.

<sup>2</sup>Domestic operations only.

<sup>3</sup>Continuing operations only.

<sup>4</sup>Excludes supermarket sales.

<sup>5</sup>Store number for K mart stores only.

34.8% and comparable store results leaped ahead 11%.

Other retailers, most notably the electronics specialty chains, also bucked the month's weak sales trend. The biggest of the bunch, Radio Shack operator Tandy, reported volume for its U.S. stores open more than one year up 14%. Richmond, Va.-based Circuit City, well on its way to its first \$1 billion year, recorded sales 40% ahead of last November's results.

"We are pleased with our November sales gains," said Circuit City president/ceo Richard L. Sharp, "because the prior year period re-

flects the opening of 13 new superstores, including the highly successful openings in Los Angeles. Comparable store sales during the month reflected a 15% increase over November 1985."

At May Dept. Stores, its Venture discount stores and Volume Shoe stores carried the ball for the rest of the company. Same-store results gained 16.5% for Venture and 7.9% for Volume Shoe, offsetting a 4.9% drop at its Northeast Caldor discount chain and a 1.4% dip at Loehmann's stores. The department store division turned in a paltry 0.9% comparable store gain.

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Photo: The untapped female market  
Housewares: "organizing" sales

C5150-7  
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# Chain Store Age

GENERAL MERCHANDISE TRENDS

FEBRUARY

1987



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## A hardlines boom in the works?

**I**s the customer ready to snap shut her pocketbook and finally begin to pay off some of her bills? Or is she ready to throw caution to the winds and start another spending spree? The answer depends upon just whom you ask.

The University of Michigan's Index of Consumer Confidence, one

measure of the consumer's willingness to spend, has been slowly declining for about a year. The down-trend, which in the past has accurately predicted slumps in customer spending, could be a bad omen for retail sales this year.

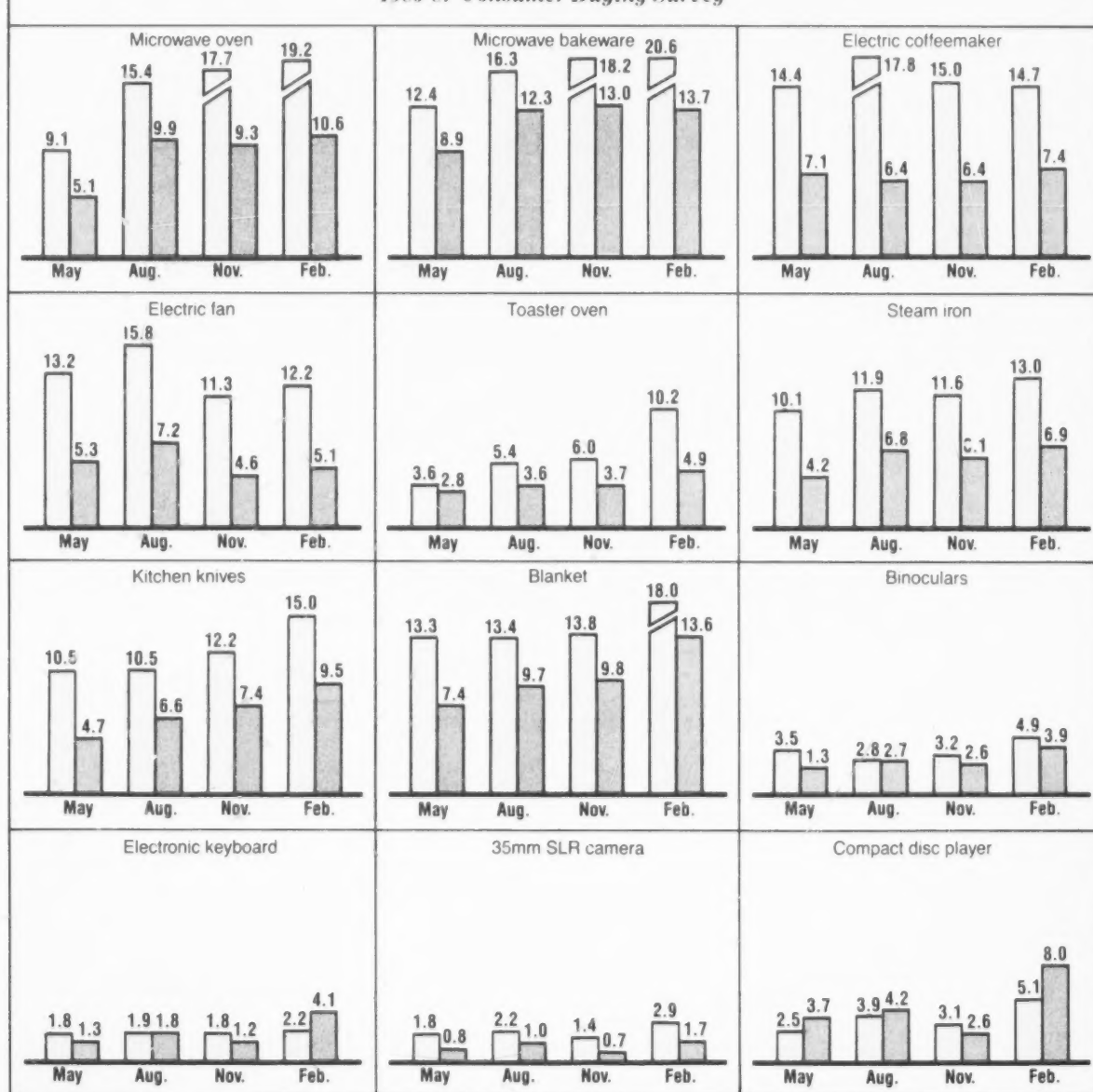
But from among the 12 products studied in this month's Marke-

Trends poll, it is difficult to pick out something which customers say they do not want to buy in 1987.

In the most recent survey, electric fans is the only category posting a drop off in buying plans for this year. As measured in the nationwide telephone poll of 450 households, 14% fewer customers expect to buy electric fans in 1987 than did last year.

For the other 11 products in this month's study, however, customers

1986-87 Consumer Buying Survey\*



\*% households

N.M. = Not measured

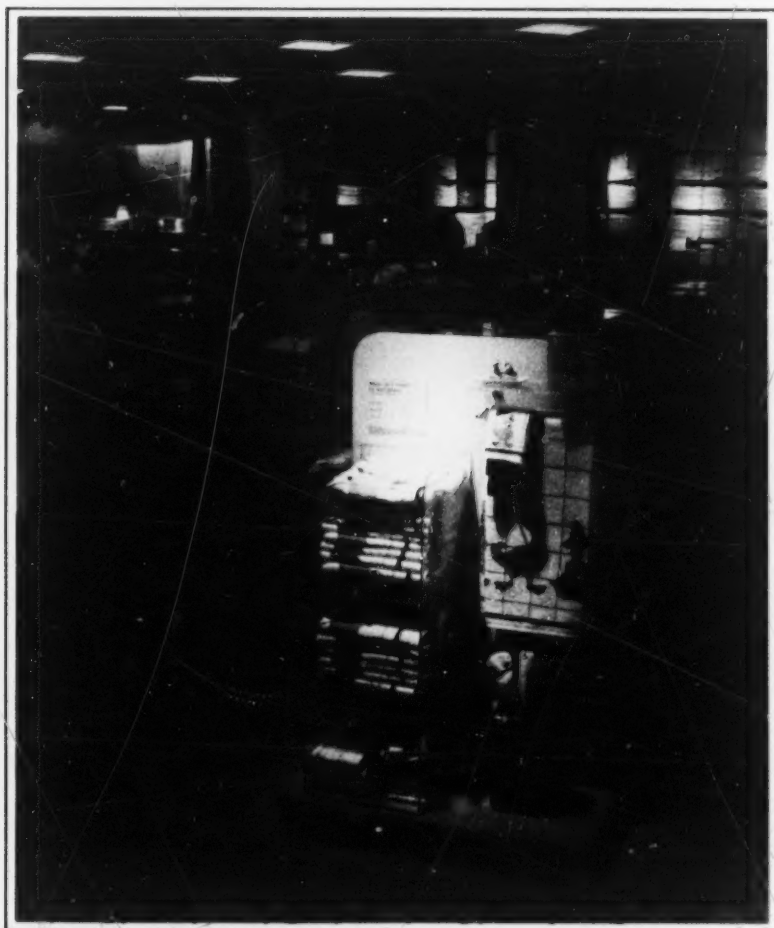
Source: Chain Store Age Leo J. Shapiro & Associates

□ Bought

■ Might Buy

# CONSUMERS ARE EAGER TO IMPROVE BATH DECOR

The market for decorative bath accessories is gleaming. Results could be good for retailers provided these items, often purchased on impulse, are merchandised right.



*The largest chunk of potential set purchasers want three to five items.*

**R**emember "Psycho?" "Janet Leigh's character would be alive today if she had a see-through shower curtain," says a salesman for JAKSON, the bath accessories company.

But "Psycho" phobia must have subsided long ago. A recent *Chain Store Age* MarkeTrends survey found most (57.6%) preferring a cur-

tain and liner combination to a one-layer shower curtain—making it harder to catch a glimpse of Anthony Perkins types.

Far from being afraid of taking showers, consumers nowadays are eager to hop into the bathroom and start decorating. The survey asked consumers about a wide range of bath accessories, everything from

tissue dispensers to bath rugs, and got decisive responses all around.

The tally in the "no answer" column was small, even when the question was very narrowly focused, for instance, about materials preferred for towel bars.

That decisiveness suggests good results at retail, provided that these items, often purchased on impulse, are merchandised right. The market for decorative bath items is gleaming, with 47% of the households polled planning a next-year purchase of at least one of these items: toothbrush holder, soap dish, guest towel holder, tissue dispenser, tumbler, liquid soap pump, apothecary jar.

The survey also found consumers keen on sets. The largest chunk of potential purchasers, 44%, named three to five as the number of items they would likely buy. "It's like a china pattern," says a vendor who has noted the trend. "The coordination of accessories allows add-on sales."

One-fifth of the households in the sample would get six or all seven of the items mentioned. About an equal portion would buy only one or two.

Surprisingly, toothbrush holders figured in more bath decor plans than did soap dishes. Sixty-two per cent said they would look for toothbrush holders if they were to purchase bathroom accessories, compared to the 59% who would want soap dishes.

Holders for guest towels attracted votes from 51%. Tissue dispensers came in fourth, getting the nod from 49% of the sample. That level of interest is probably what prompted Kimberly-Clark to debut its Kleenex dispenser box, sized and slotted to fit decorative dispensers. The new Kleenex product currently is being promoted with manufactur-

er's coupons.

Trailing the dispensers are tumblers, wanted by 46%, and liquid soap pumps are on the shopping lists of only two-fifths of all households. Least popular of the bathroom buddies is the apothecary jar, capturing the attention of under one-third of the respondents. However, even that small a segment could be important to retailers who merchandise the jars near high-margin, high-impulse ornate soaps.

When it comes to towel bars, consumers vote overwhelmingly (82%) in favor of the type that affix to the wall with screws, rather than adhesive (14%). That is the old-fashioned way, and most consumers are old-fashioned in the look they want, too. A slight majority (56.4%) want traditional-look towel bars, while 41.6% opt for contemporary.

s might be expected from those results, a little more than one-third want towel bars that are made of chrome (34.5%), and nearly an equal proportion prefer brass (32.2%). Acrylic, which unlike chrome can only look contemporary, posted an 18.2% preference.

Retailers accustomed to best-selling rectangular bath rugs might be surprised at consumers' shape choices. Oval rugs were selected by two-fifths, compared to the one-third wanting rectangulars. Contours were named by 13%, but not even 1% wanted wall-to-wall.

This was one area where shoppers showed some indecision. More than 12% had no answer to the shape question.

On the question of color vs. pattern, however, consumers had sharp preferences. Nearly 87% want solids, and blue took the No. 1 position on the color chart. That single color captured one-quarter of all the mentions, a level that No. 2 brown (9.7%) sank far below.

Why the inclination toward blue? It was not unexpected by CSA MarketTrends. A survey of consumer preferences in bath towels completed a few months previous also found blue triumphant. Blue home textiles are the people's choice, and the recent bath accessories survey shows even more promise for blue: a majority of households (77%) would like their bath rug to coordinate with their lid cover, and almost as many want to match or coordinate it with bathroom curtains.

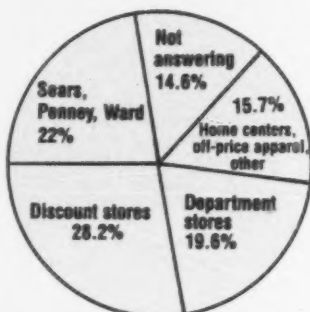
The blue note should reach shower curtains, too. For the 56.4% of

**If you were to buy bath accessories, would you buy a . . .**

|                    | Yes   | No    | Not Answering |
|--------------------|-------|-------|---------------|
| Toothbrush holder  | 62.2% | 37.7% | 0.2%          |
| Soap dish          | 58.6  | 41.1  | 0.2           |
| Guest towel holder | 51.0  | 48.3  | 0.7           |
| Tissue dispenser   | 49.1  | 50.5  | 0.4           |
| Tumbler            | 46.4  | 52.7  | 0.8           |
| Liquid soap pump   | 39.1  | 60.5  | 0.4           |
| Apothecary jar     | 30.9  | 67.2  | 1.9           |

Source: Chain Store Age/Lao J. Shapiro & Associates

**Where would you go to buy bathroom accessories?**



Source: Chain Store Age/Lao J. Shapiro & Associates

households gravitating toward solid-color curtains, blue leads the pack once again, chosen by 15%. White came in next, nearly tied with beige, tan, and brown, none of which attained 6% of the mentions.

The rage of color coordination is likely to affect selection of bath accessories. Slightly more than three-quarters of the respondents would like toothbrush holders and similar items to go with their bath towels. That suggests good results for those bath accessory vendors offering embellished guest towels as part of the bath set.

In general, vendors say, patterned bath accessories are selling well. Ransburg reports success with whimsical patterns on acrylic wastebaskets and is now targeting some of its offerings directly to children.

The research suggests that joint ventures between towel and bath fashion vendors would meet with success. Springmaid seems to have latched onto the idea with its introduction of Swans, a towel pattern designed by Gear that coordinates with a panel print shower curtain.

Consumers seem willing to pay fairly lofty prices for the bath decor of their dreams. To get their desired shower curtain or curtain-liner combo, shoppers expect to pay \$22.40 on average. The largest concentration of price point mentions (44.7%) fell between \$15 and \$29, but more than one-fifth of those polled are willing to spend \$30 or more.

The Big Three figure in the buying plans of 22% of consumers, with 15% planning to head for Sears to buy bath accessories. K mart, which has beefed up its bath shop presentation and ticketed items like tumblers with relatively high prices, was named by 13.7%. That gave K mart almost as much share as all other discounters (14.5%). Department stores fall just shy of one-fifth of the store preference votes.

A large array of other retail classes got small but significant mentions, including off-price apparel stores. They received 1.9% of the mentions, surpassing catalog showrooms' 1.6%. Chains such as Marshalls carry giftware in some units, at times including bath accessories in the assortment. Vendors have commented that soap pumps and the like are increasingly given as gifts. □



**The survey found 57.6% prefer a curtain and liner duet over "clear."**

## THE IMAGE IS SHATTERED IN

## 35MM

Men buy 35mm cameras and film, but women control the buying for instant, disc and cartridge film and cameras. Also, women decide which store to shop.

**M**en decide which cameras to buy and where to buy them. Women buy the film. Few retailers would argue with these two axioms. The only problem is that the first statement is dead wrong. The second is usually wrong.

According to *Chain Store Age*/Leo J. Shapiro & Associates MarketTrends polling, women decide where to shop for instant, disc and cartridge film cameras. Women also make the decision as to which specific camera to buy for each of these formats. Only in 35mm cameras do men take charge.

Contrary to popular notions, when it comes to buying film, men take charge in deciding where to buy 35mm film, too. Women are the prime decision makers when it comes to buying other film sizes.

In this most recent battle between the sexes, two customers emerge: a man who does the buying for both 35mm cameras and film, and a woman who makes the decisions about purchasing instant, cartridge and disc film and cameras.

Men, certainly, are still the larger market. With the boom in lens shutter cameras racing on, 35mm has quickly become the standard for amateur photography. In the MarketTrends poll, 60% of those who say there is some chance they will

buy a camera this year indicate that they will buy one which uses 35mm film.

Another 18%, according to the survey, will buy disc cameras, followed by instant (13%), cartridge (4%) and video cameras (2%).

As expected, men dominate the market for 35mm cameras. According to the MarketTrends poll, men account for about 57% of the decisions as to where families will buy 35mm cameras.

What is unexpected, however, is that men make about 54% of the choices as to where 35mm film is bought, according to the MarketTrends survey. Traditionally, the industry has taken it as an article of faith that women did the majority of film buying.

And in fact, when it comes to the other 40% of the market—instant,

disc and cartridge film—it is indeed women who are the prime decision makers. For instant film, women make 56% of the buying decisions, says the study. Women account for 60% of the purchasing decisions for disc film and a whopping 62% for cartridge film.

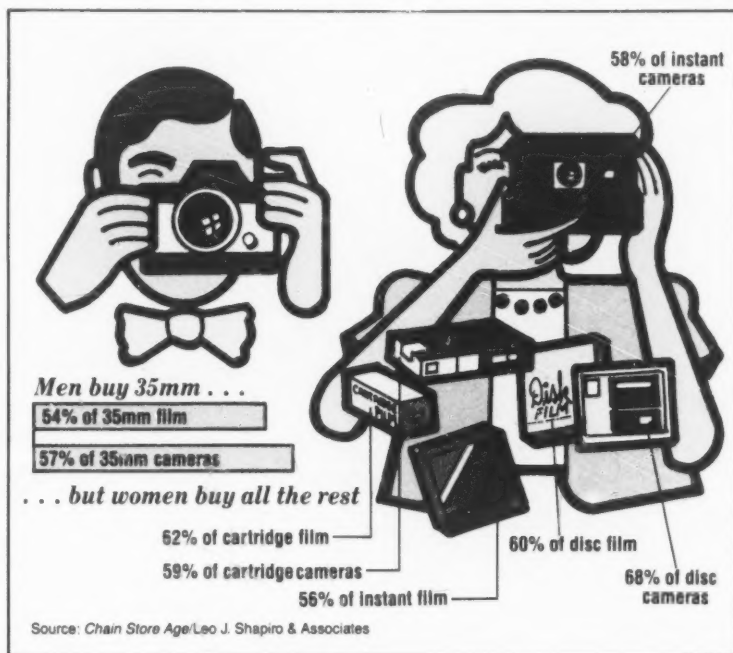
But the real shocker in this month's poll is that women are not only buying the film, they are buying the cameras, too. Families in the MarketTrends survey are reporting that women choose which instant camera to purchase 58% of the time. For cartridge film cameras, it is 59% and for disc cameras it is 68%.

When it comes to deciding where to shop for instant, disc or cartridge cameras, the poll reveals once again that it is women who are calling the shots. Women choose which store to shop 54% of the time for instant cam-

eras, but 68% for disc cameras and 70% for cartridge film cameras.

The reason for the market's division—35mm film and cameras for men and everything else for women—likely has little to do with issues such as women's liberation. The opposite is probably true. Women are not part of the 35mm revolution because they have not been invited in.

Marketing efforts have positioned 35mm as men's turf, so it is no surprise that women have not been quick to join. □





Ads convince customers to spend up to one-third more for cameras. Discounters, in particular, get more business. Vendors gain stronger brand preferences.

## For photo buyers it pays to advertise

**P**ity the poor camera buyer. His boss expects him to make a profit in a business so competitive that few actually finish the year out of the red. When it comes to advertising, he usually has to fight for every inch of space, no less positioning. Despite a generous co-op budget, he often loses out to other, more profitable departments.

But giving camera advertising the short shrift could be a big mistake. What does advertising do? According to *Chain Store Age*/Leo J. Shapiro & Associates research, it makes customers want to spend more for a camera—almost one-third more. For discount stores in particular, advertising brings more customers in the door. For vendors, advertising creates stronger brand preferences.

By far, newspaper advertising is the medium camera customers remember the most. Among the 40% of the sample who recall seeing camera advertising, 44% say they saw it in a newspaper. Another one-third report they watched it on television, while 28% say they saw ads in magazines. Catalogs and circulars get a 12% recall vote.

Considering that newspapers get the lion's share of camera co-op dollars (ranging from 12% to 81%, depending on the vendor, according to Pinpoint Marketing, a New York-based co-op fulfillment house), it is no wonder that newspaper ads are the best remembered. However, what is surprising is how few customers remember seeing circulars, catalogs and direct mail.

In the first quarter of 1986 (the most recent information available), Pinpoint Marketing says that retailers spent from a low of 4% to a high of 27% of their camera co-op budgets on circulars and catalogs. Yet, according to the CSA/Shapiro survey, customers recall this advertising with little frequency.

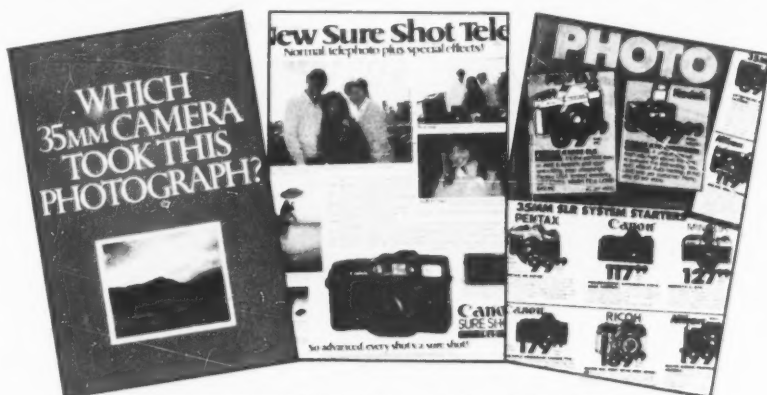
Even fewer customers—only 3%—remember getting any direct-mail camera advertising. While di-

rect mail accounts for only a tiny portion of all co-op programs, Pinpoint Marketing notes that one camera vendor is experimenting with shelling out up to 45% of its budget on direct-mail programs.

Why are some willing to take the gamble with direct mail? The CSA/Shapiro survey provides a good clue. Though newspapers and television admittedly bring in a higher number of customers, direct mail does a more efficient job at turning

Catalogs, too, beat out TV, newspapers and magazines in turning advertising recall into sales. Sixty-nine per cent of households in the CSA/Shapiro poll which recall catalog ads say they might purchase a camera this year.

The poll suggests that the time could be ripe for some rethinking by both retailers and their camera resources as to how advertising money should be spent. While the limited sample size of the CSA/Shapiro



Newspaper ads rated No. 1 in recall, then TV and magazines.

advertising recall into actual sales.

In the survey, of households that remember seeing camera advertising in newspapers, 55% report that there is at least some chance they will actually buy a camera this year. This compares to 54% of the households that recall television advertising, and 63% of those who remember magazine ads for cameras.

The single most effective medium, according to the poll, is direct mail. Of the small group in the survey which recalls direct-mail ads, every one of the households polled reports that there is at least some chance they will purchase a camera in the upcoming 12 months.

Also surprisingly effective is store or display counter advertising. In the survey, 86% of those who remember seeing in-store advertising say that there is some chance they will buy a camera in 1987.

poll cautions against any wholesale restructuring, the results do suggest that at least a flirtation with boosting direct mail, catalog and circular might be timely.

**The payoff could be big:** If anyone ever doubted that camera advertising works, the CSA/Shapiro survey clearly allays any misgivings. Families exposed to camera advertising are much more likely to want to buy a camera, pay more for it and change where they will buy. They are also far more likely to be sure of the brand they want to buy.

Of those who remember some form of camera advertising, almost 1 in 4 (24.5%) say they probably or definitely will buy a camera within the next 12 months. Another 30.5% report that they may purchase this year. Only 42.1% absolutely rule out any chance of buying a camera in 1987.

Compare these figures to those households who do not remember any camera advertising. More than 3 out of 5 (61.8%) report that they definitely will not buy this year. Another 18.2% rate their chances as only "maybe." Only 17.4% rank their chances of buying this year as "definite" or "probable."

In all, 55% of households that remember camera advertising say there is at least some chance they will purchase this year. Only 30% of those who did not see ads report the same.

Camera ads pump up the price customers expect to pay for cam-

eras, too. On the average, households which recall camera advertising say they will pay a median \$218 the next time out. Families which did not remember camera ads report they expect to pay about one-third less, or a median \$150.

The biggest difference occurs in those who expect to pay over \$300 for their new camera. A healthy 16.4% of households that recall ads say they will pay over \$300 the next time out, compared to only 11.5% of families who do not remember seeing advertising.

Part of the answer may lie in features. Families exposed to camera

ads are more likely to say they want features like auto-focus than are families who do not recall any advertising. Households remembering camera ads are also more likely to be attracted to 35mm, and are less likely to want cartridge film cameras.

Though they expect to pay more for their next camera, families that recall camera ads still are looking for a bargain. And they are willing to shop at a discount store to find it, according to the survey.

Among those who remember advertising, discount stores are the preferred place to shop. Almost 3 in 10, or 28.1%, say that a discount store is where they would most likely buy their new camera. Traditional camera dealers come in second, cited by 22.3%.

For families who have not seen ads, however, camera dealers take the top spot, the choice of 24.8% of households in the poll. Discount stores pull in a weak second, named by 18.7%.

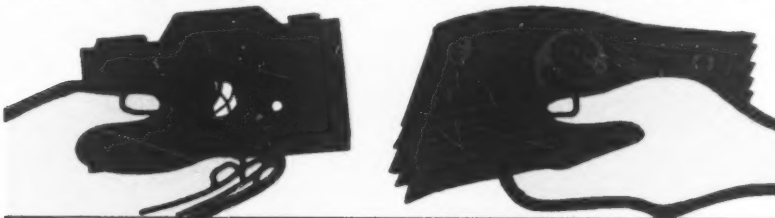
K mart, in particular, seems to benefit the most from camera ads. Among those who say they have seen camera advertising, K mart is the place to buy for a whopping 17.4%—more than any other single retailer. Those who do not remember any camera ads choose K mart only 9% of the time, or about one-half the frequency.

Part of K mart's success can be attributed to its whole-hearted commitment to advertising cameras. Unlike many general merchandise retailers, hardly a circular or ad goes out from K mart without some featured photographic product. The CSA/Shapiro study confirms that the strategy can pay off.

For vendors, camera advertising provides a similar benefit. Of those who do not recall seeing any ads, 3 in 10 say that they have no idea what brand of camera they will buy the next time out. Among those who do remember ads, the undecided group falls to only 11%.

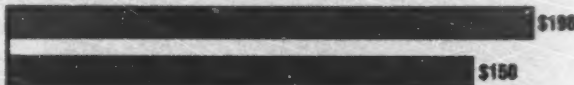
The effect of advertising can be dramatic. Among those who have seen ads, Polaroid's share nearly doubles—from 3% to 6%—compared to those who have not seen ads. Minolta's standing also doubles—from 8% to 17%—so does Olympus's share.

Advertising's effect is less dramatic for industry giants Kodak and Canon. Kodak's share gains 20% due to advertising, according to the survey. Canon records a 26% gain. □

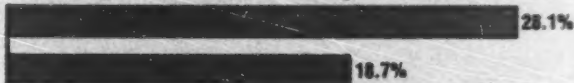


### What camera advertising does . . .

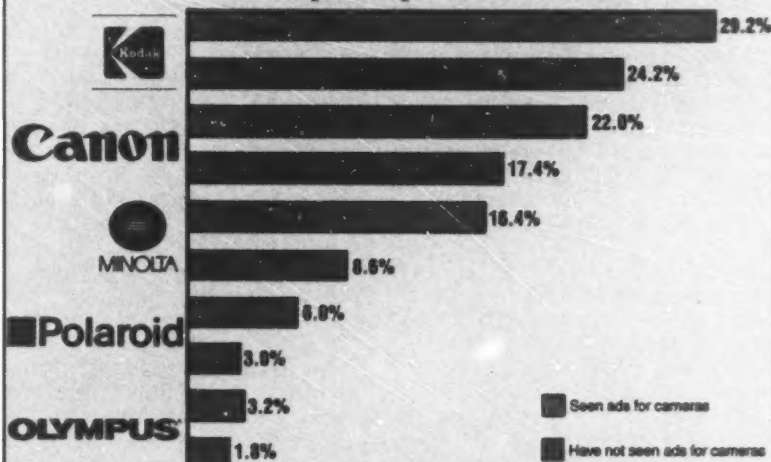
#### . . . makes customers spend more



#### . . . helps discount stores get sales\*



#### . . . firms up brand preferences\*



\*% saying they will buy at a specific outlet or a specific brand

Source: Chain Store Age/Leo J. Shapiro & Associates

A year ago, Polaroid was hard pressed to find anyone who was bullish on instant photography. The Spectra turned out to be one of last year's trendy retail smashes.

## The spectrum of Spectra



Consumer interest in instant cameras has more than doubled in six months.

If it is true that he who laughs last laughs best, then the halls at Polaroid's headquarters must be shaking with belly-yucks. Only a year ago, Polaroid was hard pressed to find anyone—retailer, analyst, or stockholder—who was bullish on instant photography. Even plans for something called the "7000" did not seem to excite anyone.

Now it is Polaroid's turn to laugh or even gloat. The "7000" became the Spectra, and the Spectra turned out to be one of last year's trendy retail smashes.

Polaroid's instant alternative, at first shunned by some because of its high price point, was a hit with exactly the upscale customer it wanted. Even publisher Malcolm Forbes bought up a couple of dozen to hand out last Fourth of July to Liberty Weekend hotshots who forgot to bring cameras to the event.

With that kind of endorsement, it is no wonder that many of the same analysts who shunned Polaroid last year have become believers this year. Polaroid is showing up on more and more stock pick lists for 1987.

### How much would you spend for an instant camera?

|                                                     |      |
|-----------------------------------------------------|------|
| \$50-\$99                                           | 36.7 |
| \$125-\$150                                         | 4.0  |
| Median: \$58                                        |      |
| Source: Chain Store Age/Leo J. Shapiro & Associates |      |

But Spectra's success has accomplished more than just a boom for a single product. Instead, the excitement over Spectra has rekindled customer interest in instant photography itself. According to *Chain Store Age*/Leo J. Shapiro & Associates research, this could be Spectra's hidden, but most significant, accomplishment.

What Polaroid has done is to get the best of both worlds. It has a hot selling new product, and at the same time has boosted customer interest in older products. It has gained retail distribution in new outlets such as The Sharper Image and simultaneously retained its strong market position in discount stores.

A year ago, according to the research, it was hard to find a family which wanted to buy an instant camera. In the survey conducted in March 1986, only 0.7% of households polled reported that they expected to buy an instant camera within the next 12 months.

Then came Spectra. And a half year later in the February 1987 reading, the number of families saying that they plan on purchasing an instant camera this year has more than doubled to 1.6% of those polled.

While most of the credit for the uptick in customer interest can be laid squarely at Spectra's door step, it does not appear in the survey that it is only Spectra which customers expect to buy. Instead, Spectra's biggest surprise is that it has rekindled the customer's old love affair with the full line of instant cameras.

On the average, customers this year say they expect to spend a median \$50 for an instant camera. Though far above the \$35 they said a year ago, it is still not within Spectra's price range. Only 14.3% report that they will pay over \$100 this year, almost the exact number recorded before Spectra's debut.

Instead, families in the survey are looking mostly to replace an aging instant, and perhaps it was Spectra's advertising blitz which put the thought in their heads.

According to the survey, almost two-thirds of instant camera customers this year are replacing another instant camera. In the poll, 41.4% of those who expect to buy an instant camera report that their current camera is three or more years old.

Another 1 in 4 who are buying an instant already own a 35mm camera. About 10% already have a disc camera, and 5% a cartridge film camera.

Nor has Spectra particularly upscaled the customer for instant photography. As in the poll before Spectra's introduction, perspective instant camera buyers are certainly



not yuppies. In fact, they tend to be older, with smaller family incomes, and often are retired. Grandma and Grandpop are still pretty good customers in the instant market.

A full one-fourth of perspective buyers are over the age of 65, ac-

cording to the CSA/Shapiro survey. Only about 14% are under 30 years old. The median age of those who expect to buy an instant camera is 50, or over 17 years older than those who expect to buy 35mm cameras.

Families who expect to buy in-

stants also have smaller annual incomes, averaging only \$24,900, compared to the \$33,000 reported by households which plan on buying 35mm cameras this year. Still, instant camera buyers beat out their disc counterparts, whose incomes average \$24,000, according to the survey.

The instant camera buyer is also more likely to have only a high school education or less. In the most recent survey, 71.4% of those who plan on buying, finished their formal education at high school graduation or before. This compares to the almost equal number (72.7%) of prospective 35mm camera buyers who have attended at least some college or above.

It is not surprising, then, that instant camera buyers are more likely to hold down jobs as craftsmen, laborers and service workers. And considering the age of the average prospective customer, it is no shock that about 31% of those who expect to buy are retired.

Where do they expect to buy? As in the poll conducted a year ago, one-third say a discount store. A full 17% plan on purchasing their next instant camera at K mart, one of the highest shares the discounter gets for any product category.

Traditional camera dealers, according to the poll, pull in one of their smallest market shares in instant cameras. Only 6.5% report that they will buy at a camera store, compared to 10.2% recorded for both department stores and catalog showrooms. Sears, Penney and Ward combined score a 9.5% total. □

## Consumers still want the impossible

Kodak is out of the instant camera market—dramatically, again, at its will, kicking and screaming, and only at the order of the Federal Court. Funny, nobody seems to have told the customer.

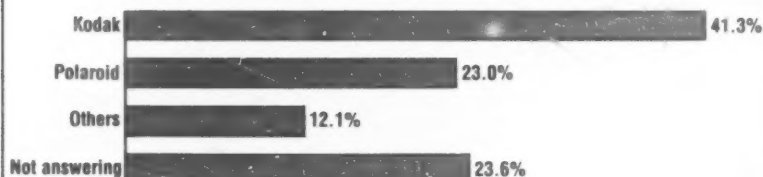
In the latest CSA/Shapiro MarkeTrends poll, Big Yellow is the customer's No. 1 choice among those who say their next camera will use instant film. Kodak wins big, too. It beats out Polaroid by almost a 2 to 1 margin.

To many, Kodak's strength will come as no surprise. Big Yellow's top-of-mind customer awareness is so great that consumers often say they want—or actually own—products which Kodak does not even manufacture. The problem for the Rochester, N.Y.-based photography giant usually runs more to turning its top-of-mind awareness into actual sales.

Of those in the MarkeTrends poll who express a brand preference, 96% who expect to buy a disc camera say they want Kodak, and 71% who want cartridge film cameras think they will buy Kodak.

Only in 35mm, a market it reentered after more than a decade long absence, does Big Yellow lag. About 10% in the survey report they want a Kodak 35mm camera.

Which brand of instant camera would you look for?



Source: Chain Store Age/Leo J. Shapiro & Associates

## NEW PRODUCTS

JVC has just announced its intention to market its first digital VCR, the HR-D570. Major features of the model are: Digitalization, high-quality pictures, high-quality sound, Automatic functions, as well as 181-channel cable capability. (JVC Company of America, 41 Slater Drive, Elmwood Park, N.J. 07407.)

Convinced that VHS is the format of choice, Sharp Electronics Corp. has added a new 2.9-lb. VHS-C camcorder with one-hour recording capabilities and the "HQ" (high

quality) system for superb picture quality to the company's camcorder line. The compact VC-C50UA records on an audio cassette-sized video tape, which fits into a special full-size VHS adaptor for easy playback on a VHS VCR. (Sharp Electronics Corp., Sharp Plaza, Mahwah, N.J. 07430.)

Citizen introduces the first models in its new ultra-thin credit card size AM and FM radio line. These monaural radios are the ultimate for convenience and portability, because of their very small size and ability to fit into a wallet, purse or

shirt pocket. A volume control lets one adjust the sound level. Earphone/earplugs are included, along with an attractive carrying pouch. (CBM America Corp., 2999 Overland Ave., Los Angeles, Calif. 90064.)

New Soundsational AM/FM stereo personal portable radio (ASLO) from Gemini comes with stereo headphones and convenient belt clip. Uses 3 AA type batteries. Blister-packaged on bold-color, eye-color, eye-catching card. (Gemini Industries Inc., 215 Entin Road, Clifton, N.J.)



## Customers wait till last minute again

In a repeat of the last several years, holiday shoppers waited until Christmas week itself before getting down to serious shopping. And when they finally got around to it, they shopped with a vengeance. "It was a bonanza," said Richard Schulze, chairman of Minneapolis-based Best Buy Co.

It was not a moment too late. When the month's totals were added up the 15 retailers tracked by *Chain Store Age* recorded a 10.7% hike over last year's figures. December sales results outpaced even the year-to-date totals, which are up 10.2% for the 11-month period.

The difference between this year's holiday selling season and previous years, however, was that retailers went into December with leaner inventories, and markdowns were held to a minimum.

December results might be a good model for 1987, though, and the news is less bright than could be hoped. The customer still seems willing to spend, but she also looks more willing than ever to wait for a sale before plunking down hard cash, or a credit card.

"We were looking for a good, but not great, Christmas, and that's what we got," said Dayton Hudson chairman/ceo Kenneth Macke. "The business came late in the season, and the climate was very promotional. As a result, we experienced pressure on our gross margins, particularly at Mervyn's and Lechmere."

Comparable-store results were up 8% at Mervyn's and 7% for Lechmere. At the other Dayton Hudson divisions, the department store groups posted a 9% same-store hike, while its Target discount stores recorded a 4% uptick.

At K mart, where comparable-store totals gained 4.6% for December, chairman Bernard Fauber was equally lukewarm in his assessment of the holiday selling period. "While the monthly sales total was a little below our expectations, overall we were satisfied with the results," Fauber said.

"We experienced a good clean-up of strictly seasonal merchandise. Markdowns were well controlled as were expenses. Inventories are near planned," Fauber said.

Sears, the nation's biggest retail-

## Late shopping surge saves Christmas

| Major chains                 | % change      | December sales*     |                     | Stores   |          | 11-mo. sales*        |                      | % change      |
|------------------------------|---------------|---------------------|---------------------|----------|----------|----------------------|----------------------|---------------|
|                              |               | 1986                | 1985                | 1986     | 1985     | 1986                 | 1985                 |               |
| Sears <sup>1,2</sup>         | + 5.7         | \$ 3,508,711        | \$ 3,319,583        | 806      | 799      | \$ 24,451,542        | \$ 23,852,064        | + 2.5         |
| Penney <sup>1</sup>          | + 1.4         | 2,320,000           | 2,289,000           | 1,875    | 1,979    | 12,540,000           | 11,965,000           | + 4.8         |
| Ward <sup>1,2</sup>          | + 7.8         | 706,295             | 655,360             | 294      | 314      | 4,037,680            | 3,968,288            | + 1.7         |
| Dayton Hudson                | + 15.6        | 1,670,000           | 1,440,000           | 476      | 1,211    | 8,550,000            | 7,590,000            | + 12.6        |
| Federated <sup>4</sup>       | + 4.8         | 1,481,200           | 1,414,000           | 506      | 483      | 8,010,700            | 7,643,100            | + 4.8         |
| May Dept. Stores             | + 10.2        | 1,808,800           | 1,641,400           | 2,754    | 2,400    | 9,753,700            | 8,894,700            | + 9.7         |
| Carter Hawley Hale           | + 7.0         | 737,600             | 689,200             | 302      | 299      | 3,881,800            | 3,672,700            | + 5.7         |
| Mercantile                   | + 7.6         | 355,725             | 330,607             | 82       | 80       | 1,922,014            | 1,784,067            | + 7.7         |
| K mart <sup>3</sup>          | + 8.7         | 3,901,414           | 3,590,090           | 2,206    | 2,180    | 22,820,287           | 21,161,866           | + 7.8         |
| Wal-Mart                     | + 36.4        | 1,690,000           | 1,239,000           | 1,020    | 851      | 11,027,000           | 7,842,000            | + 40.6        |
| Zayre                        | + 25.5        | 863,968             | 688,372             | 1,098    | 1,075    | 5,039,087            | 3,845,109            | + 31.1        |
| Bradlees                     | + 8.1         | 360,000             | 333,000             | 162      | 158      | 1,789,000            | 1,537,000            | + 16.4        |
| Tandy                        | + 22.9        | 568,110             | 462,266             | N/A      | N/A      | 3,215,517            | 2,760,845            | + 16.5        |
| Circuit City                 | + 41.1        | 202,800             | 143,700             | 87       | 113      | 942,400              | 625,800              | + 50.6        |
| Federated Group              | + 23.3        | 83,200              | 67,500              | 65       | 59       | 404,900              | 328,500              | + 23.3        |
| <b>Totals &amp; Averages</b> | <b>+ 10.7</b> | <b>\$20,257,823</b> | <b>\$18,303,078</b> | <b>—</b> | <b>—</b> | <b>\$118,385,627</b> | <b>\$107,471,039</b> | <b>+ 10.2</b> |

\*000 omitted N.C. no change N.A. not available  
<sup>1</sup>Store number for full-line outlets only <sup>2</sup>Domestic operations only <sup>3</sup>Continuing operations only <sup>4</sup>Excludes supermarket sales <sup>5</sup>Store number for K mart stores only

er, had few complaints with Christmas in 1986, as same-store results for its U.S. Merchandising Group gained 5.7%, outpacing their 2.5% year-to-date pace.

Sears noted that good increases were reported from most major markets, except those in energy-related areas. Sales increases, said the catalog giant, were well balanced across merchandise lines.

For catalog rival J. C. Penney,

the economically depressed Southwest was also a sore point. Penney, which reported comparable-store totals gaining a modest 1.4% for its stores and catalog divisions, said sales were most active in the East.

Montgomery Ward posted its largest increases in southern California and the Northwest. It also reported strongest sales for its home, electronics, appliances and apparel departments.

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C5150-7 -  
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# Chain Store Age

GENERAL MERCHANDISE TRENDS

MARCH

1987



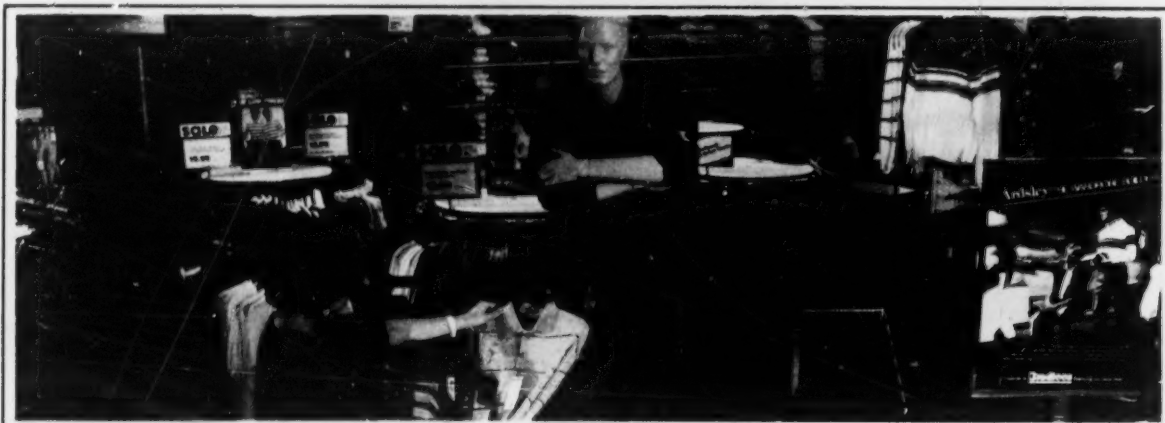
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## DISCOUNT STORE FASHION: AN EMERGING FORCE

Jaclyn Smith opens doors for K mart

TWO DOLLARS PER ISSUE

March 1987



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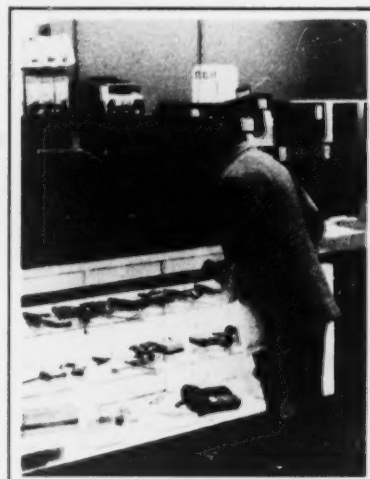
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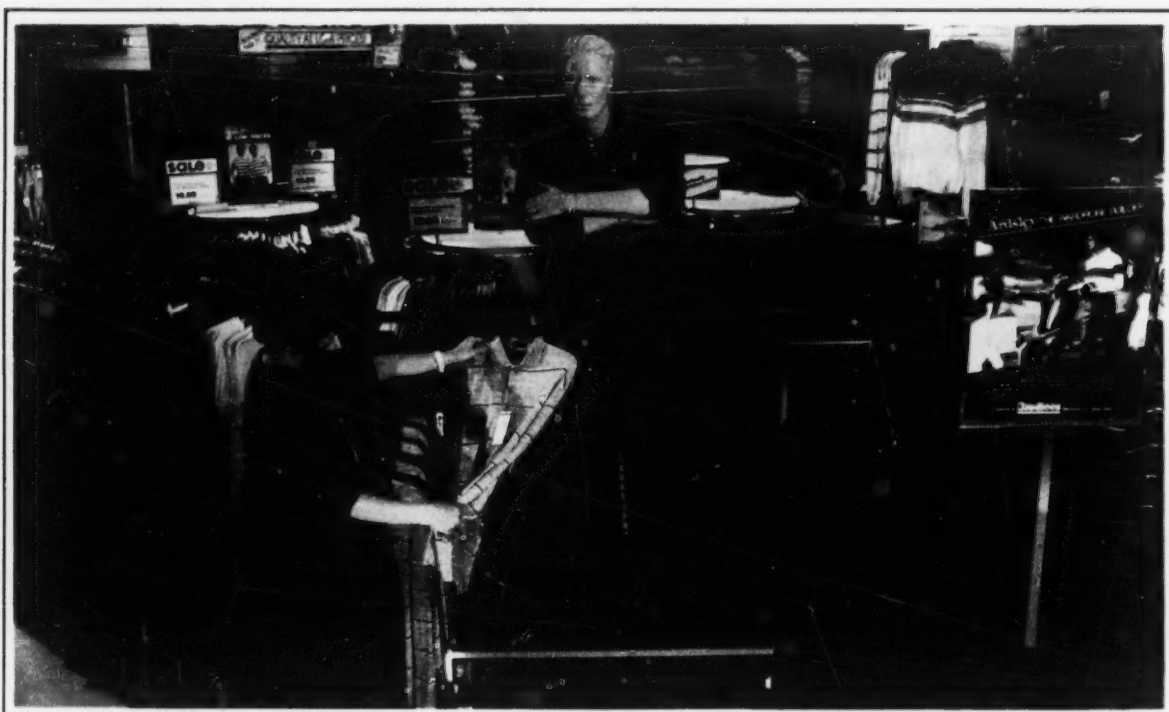
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# NO MORE QUALMS ABOUT APPAREL AT A DISCOUNTER

While discount outlets are not completely replacing department stores in the fight for the fashion dollar, customers are now willing to shop a wider variety of stores.



*After years of trying, discounters are finally gaining a foothold in the fashion merchandise business.*

**W**hen actress Jaclyn Smith went shopping with her son at a California K mart recently, her presence in the store caused such a stir that someone even called the local newspaper.

But the former "Charlie's Angel," whose name now adorns a highly successful line of K mart apparel, is not the only fashion customer shopping at a discount store these days. After years of trying, discounters are finally gaining a foothold in the fashion merchandise business.

Results of the third annual *Chain Store Age* study of Value reveal that discount stores have become an important—and growing—contender

for "looks" merchandise.

While discount outlets are not completely replacing department stores in the fight for the fashion dollar, customers are now willing to shop a wider variety of stores and to buy from a wider spectrum of retail formats. Discount stores are the prime beneficiary—and they are doing it without sacrificing their traditional low price image.

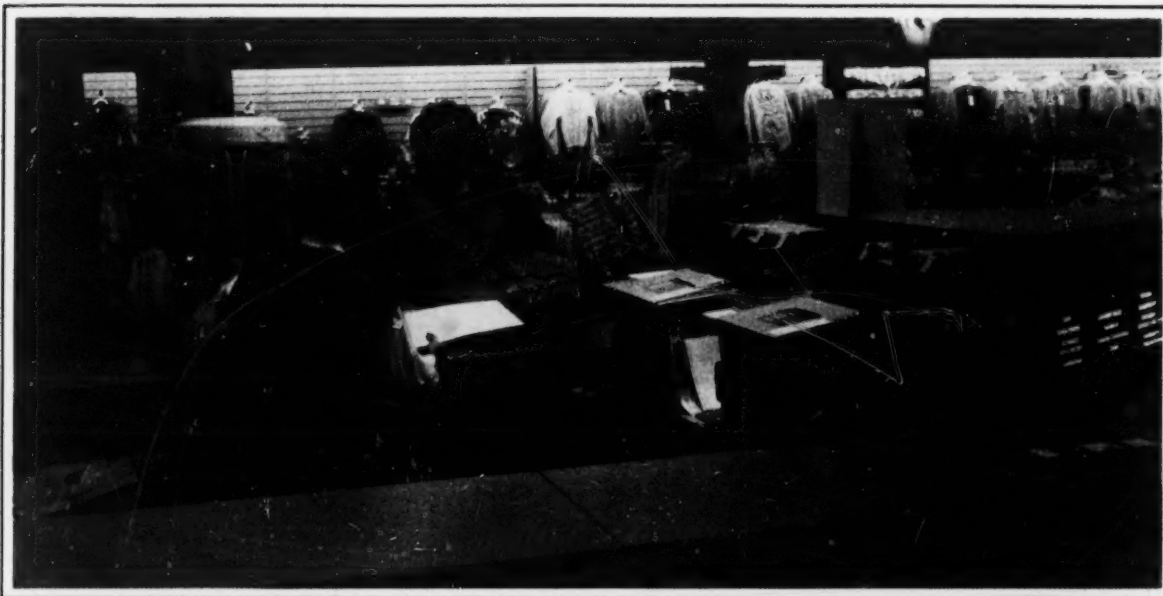
In the five markets *Chain Store Age* studied—Indianapolis, Kansas City, New Orleans, San Francisco and Washington, D.C.—the 1,259 households surveyed provided ample proof that K mart's success in blending fashion and discounting is no fluke.

Across the board—whether it is K mart, Bradlees, Target, Venture, Wal-Mart or Zayre—customers are giving discount stores higher marks for fashion and looks. Increasingly, too, customers are naming a discount store as the retail outlet providing the best value for both men's and women's apparel.

And when the distinctions between discount and department stores are blurred, as with Dayton Hudson's hybrid Mervyn's promotional department store division, the results are even more astounding.

Customers in Mervyn's home market of San Francisco rank the chain second only to Macy's as the





In 3 out of 5 cities, customers judged Sears No. 3 or better for easy checkout.

*In San Francisco which store has . . . ?*

|                                       | Sears | Penney | Ward | Macy's | Emporium<br>Capwell | Nordstrom's | Saks | I.<br>Magnin | K mart | Mervyn's | Price<br>Club | Marshall's |
|---------------------------------------|-------|--------|------|--------|---------------------|-------------|------|--------------|--------|----------|---------------|------------|
| Best value for money                  | 0.9   | 7.7    | 2.1  | 17.0   | 8.3                 | 4.3         | —    | 0.6          | 5.2    | 13.1     | —             | 3.0        |
| Good service                          | 7.7   | 6.7    | 2.5  | 24.5   | 6.0                 | 16.4        | 0.3  | 1.5          | 0.9    | 8.2      | —             | 1.0        |
| Knowledgeable saleshelp               | 5.5   | 6.8    | 3.3  | 22.2   | 5.7                 | 15.2        | 0.3  | 2.4          | 1.2    | 4.0      | —             | 1.3        |
| Always find what I want               | 0.3   | 5.4    | 1.2  | 24.7   | 10.4                | 4.9         | —    | 0.3          | 3.1    | 8.2      | —             | 0.6        |
| Good everyday prices                  | 9.9   | 10.4   | 1.9  | 15.5   | 7.9                 | 1.2         | —    | —            | 6.7    | 16.4     | 0.3           | 2.0        |
| Big selection                         | 11.4  | 4.3    | 1.5  | 38.1   | 12.2                | 5.1         | —    | —            | 4.0    | 6.1      | 0.3           | 0.3        |
| Best return policy                    | 16.3  | 4.3    | 1.6  | 25.1   | 5.5                 | 8.9         | —    | 0.6          | 2.4    | 10.3     | —             | 0.9        |
| Easy to get to                        | 9.6   | 6.4    | 2.8  | 26.2   | 10.6                | 3.7         | —    | 1.2          | 5.2    | 8.5      | —             | 2.7        |
| Good advertising                      | 7.3   | 4.5    | 1.2  | 35.3   | 11.2                | 2.1         | 0.3  | 2.2          | 5.2    | 11.3     | —             | 0.9        |
| Great sales                           | 7.9   | 5.5    | 2.7  | 24.9   | 7.6                 | 3.0         | —    | 0.9          | 6.5    | 16.2     | —             | 1.2        |
| Most enjoyable shopping<br>experience | 4.2   | 6.1    | 1.2  | 25.4   | 9.1                 | 10.9        | —    | 2.5          | 4.2    | 8.5      | —             | 1.3        |
| Fashions and looks I want             | 2.5   | 3.1    | 1.8  | 27.2   | 12.3                | 11.9        | 1.0  | 4.0          | 1.5    | 9.5      | —             | 0.9        |
| Quality merchandise                   | 5.8   | 5.5    | 1.2  | 33.5   | 11.0                | 12.1        | 0.6  | 3.3          | 1.8    | 4.0      | —             | 1.3        |
| Easy checkout                         | 5.9   | 3.9    | 1.8  | 24.0   | 10.6                | 7.5         | —    | 1.2          | 4.9    | 8.2      | —             | 1.2        |

Source: Chain Store Age/Leo J. Shapiro & Associates

best value for women's apparel. In men's apparel, Mervyn's keeps some pretty classy company, finishing third behind Macy's and Emporium Capwell.

Chain Store Age based the value ratings on random telephone interviews conducted by Leo J. Shapiro & Associates in November 1986. In each market some 250 households responded. Women comprised 61% of the sample.

Consumers judged retailers in two ways. First, they named a retailer who provided the best value for each of 14 attributes, such as good everyday prices, knowledge-

able saleshelp, and for carrying the "fashions and looks I want."

Next, respondents chose the one store that delivered the best value for each of 14 merchandise departments, including home electronics, housewares, and men's and women's apparel.

For each attribute and merchandise department a ranking was given to every store named. The total for the 28 rankings determined the best of the field in each market.

In 3 of the 5 markets—Indianapolis, New Orleans and Washington, D.C.—the top honors went to Sears. When the catalog giant did

not take first place, the honor went to a department store. Macy's copped the top spot in San Francisco. The Jones Co. finished first in Kansas City.

**New thoughts:** Though department stores and Sears still garner the highest marks from customers, the study reveals that the customer is beginning to rethink where she shops and why. The survey's most significant results indicate that she now has fewer qualms about buying all lines of merchandise—but particularly fashion merchandise—at a discounter.

When asked to name a store

which has the "fashions and looks I want," about 1 in 11 customers now picks a discount store. For the last two years, the number remained steady at 1 in 15. Who provides the best value for apparel? For 12.9% of families in the study, it is a discount store once again. A year ago it was 10.9%.

At the same time that discount stores are developing an image which includes fashion, they are holding onto their traditional strong points. Compared to the results in last year's study, an equal number of customers cite discounters for attributes such as "good everyday prices," or "great sales" or "value for your money."

And the shift in attitude is coming from exactly the customer most retailers covet: a woman under 35 years old. While her mother may have been lukewarm to K mart's effort to create a fashion image with Loretta Lynn some years back, the

tomor still would not have much trouble finding fans of department stores, or of Sears, Penney and Ward. Just about half (50.6%) of all respondents name a department store as the best place to find fashion. Another 13.6% cite Sears, Penney or Ward.

However, the strength of the department stores and the Big 3 may be illusory. The department store's iron grip on the fashion business is loosening, if ever so slightly. In last year's survey 6.2% more families named one of the department stores as the best place to find fashion. Both Sears and Ward get fashion scores about equal to last year's, while J. C. Penney records a slight uptick.

**Major changes:** What is going on in fashion is only the first tilt in what is a fundamental shift in how customers view stores and where they shop. The study reveals that customers, while not ready to abandon

for all 14 in this year's poll compared to last year's study.

For the 14 merchandise departments in the study, department stores record declines in positive mentions for 13. Discount stores, on the other hand, score increases for 10 of the 14 attributes and 2 of the 14 merchandise departments. In addition, more customer kudos are going to specialty stores of every shape and size, and to the catchall "other" category.

Even in the San Francisco market, where Macy's makes an impressive first place finish, the customer's new attitude is still apparent. Macy's scores first for 13 of the 14 store attributes in the study and for 11 of the 14 merchandise departments.

But there is a chink in the armor. Bay Area families tend to think of Macy's and its major department store rival, Emporium Capwell, in much the same way. The only differ-

*In San Francisco which store has the best value for . . . ?*

|                           | Sears | Penney | Ward | Macy's | Emporium Capwell | Nordstrom's | Saks | I. Magnin | K mart | Mervyn's | Price Club | Marshall's |
|---------------------------|-------|--------|------|--------|------------------|-------------|------|-----------|--------|----------|------------|------------|
| Sporting goods            | 10.1  | 4.6    | 2.2  | 4.0    | 2.2              | 1.0         | —    | 0.3       | 7.0    | 0.6      | 0.7        | 0.3        |
| Stationery                | 2.2   | 2.1    | 0.7  | 8.9    | 3.3              | 0.3         | —    | 1.5       | 5.9    | 1.2      | 0.3        | —          |
| Men's wear                | 6.5   | 7.0    | 1.5  | 24.1   | 12.5             | 5.8         | 1.0  | —         | 0.9    | 11.2     | —          | 1.3        |
| Cosmetics                 | 0.9   | 1.6    | 1.0  | 25.9   | 9.1              | 3.7         | 0.9  | 3.9       | 1.2    | 2.1      | —          | —          |
| Home textiles             | 8.2   | 9.8    | 1.5  | 25.1   | 13.2             | 1.0         | —    | —         | 3.1    | 19.5     | 0.3        | 0.9        |
| Small electric housewares | 12.2  | 6.8    | 3.6  | 17.6   | 9.1              | —           | —    | —         | 7.9    | 0.9      | 2.5        | —          |
| Nonelectric housewares    | 8.5   | 7.0    | 2.5  | 29.6   | 12.2             | —           | —    | —         | 6.1    | 5.7      | 1.0        | 0.7        |
| Children's wear           | 5.1   | 12.9   | 0.9  | 14.4   | 4.3              | 1.0         | —    | 0.3       | 7.0    | 17.6     | 1.0        | 1.6        |
| Photo/camera              | 3.1   | 1.9    | 0.3  | 11.6   | 4.3              | —           | —    | 0.3       | 7.1    | 0.9      | 0.3        | —          |
| Furniture                 | 9.8   | 4.9    | 4.0  | 11.3   | 4.0              | —           | —    | —         | —      | 0.3      | —          | —          |
| Home furnishings          | 11.5  | 12.6   | 4.2  | 16.1   | 6.1              | —           | —    | —         | 2.1    | 2.4      | 0.3        | 0.3        |
| Women's wear              | 1.2   | 5.1    | 1.9  | 28.4   | 7.6              | 8.2         | 0.6  | 3.4       | 1.9    | 10.9     | 0.3        | 2.5        |
| Consumer electronics      | 0.3   | 2.4    | 2.2  | 16.4   | 3.6              | —           | —    | —         | 2.9    | 1.2      | —          | —          |
| Toys                      | 4.6   | 4.3    | 1.0  | 2.5    | 2.4              | 0.6         | —    | 0.7       | 4.0    | 3.1      | 0.7        | —          |

Source: Chain Store Age/Lao J. Shapiro & Associates

younger woman has a more open mind as to where to shop for fashion merchandise. Jaclyn Smith will do just fine for her.

In fact, almost all of the change in customer attitude about discount stores can be attributed to a shift in what women think. A year ago, the average woman would have had to ask 18 of her friends before she found another who thought that a discount store was the best place to find fashion. This year, she would need to search out only 10 women before finding someone who agrees.

Though discount stores are fast gaining ground, the average cus-

department stores or the Big 3, are nonetheless flirting with shopping a wider variety of retail formats than ever before.

Compared to a year ago, more families are shopping variety stores, specialty apparel outlets, catalog showrooms, factory outlets, off-price apparel outlets and by mail order. Slightly fewer households report visiting a department store.

The change in shopping patterns is making its mark in how customers think about the stores they shop. For the 14 store attributes in the survey, department stores post declines in positive customer mentions

ence is that they like Macy's more.

Both San Francisco department stores get their highest grades for quality merchandise, wide assortments, good advertising and fashion. Customers give lower marks to the two for attributes such as low everyday prices and sales.

Mervyn's, however, is filling a niche which the department stores' weak price reputation has opened. When customers in San Francisco think of Mervyn's, they give it a high fashion rating like a department store, but a low-price reputation like a discount store.

And just as the Macy's and Empo-

*In Washington, D.C., which store has . . . ?*

|                                    | Sears | Penney | Ward | Hecht's | Woodward & Lothrop | Bloomingdale's | Lord & Taylor | K mart | Zayre | Bradlees | Caldor | T.J. Maxx |
|------------------------------------|-------|--------|------|---------|--------------------|----------------|---------------|--------|-------|----------|--------|-----------|
| Best value for money               | 18.1  | 5.9    | 2.1  | 13.9    | 10.0               | 1.1            | 1.5           | 7.4    | 4.4   | 5.1      | 0.3    | 1.7       |
| Good service                       | 12.5  | 4.4    | 3.5  | 12.9    | 11.7               | 3.3            | 3.6           | 1.8    | 4.2   | 4.7      | 0.3    | 0.3       |
| Knowledgeable saleshelp            | 8.8   | 4.1    | 2.4  | 9.7     | 12.4               | 3.0            | 4.6           | 1.4    | 3.0   | 1.8      | —      | 0.3       |
| Always find what I want            | 13.3  | 4.4    | 2.6  | 11.0    | 13.8               | 3.5            | 2.1           | 2.6    | 4.1   | 3.8      | 0.3    | —         |
| Good everyday prices               | 16.0  | 3.9    | 3.0  | 10.3    | 7.4                | 1.5            | 0.9           | 10.4   | 5.9   | 8.9      | 0.3    | 1.5       |
| Big selection                      | 21.7  | 5.5    | 3.0  | 16.0    | 14.6               | 6.5            | 2.9           | 4.5    | 3.0   | 3.8      | —      | 0.6       |
| Best return policy                 | 19.5  | 6.5    | 2.7  | 8.2     | 12.6               | 1.8            | 2.7           | 3.6    | 4.8   | 2.1      | 0.3    | 0.9       |
| Easy to get to                     | 9.4   | 3.6    | 6.2  | 11.5    | 14.2               | 1.4            | 2.3           | 6.8    | 3.2   | 8.0      | 0.3    | 0.3       |
| Good advertising                   | 12.6  | 1.5    | 1.5  | 12.4    | 16.5               | 2.9            | 2.1           | 6.2    | 6.1   | 6.7      | —      | —         |
| Great sales                        | 9.2   | 2.1    | 1.7  | 16.7    | 13.8               | 1.2            | 2.6           | 8.3    | 7.6   | 5.9      | 0.3    | 0.9       |
| Most enjoyable shopping experience | 5.1   | 5.5    | 1.7  | 10.0    | 17.1               | 5.9            | 3.8           | 3.9    | 2.9   | 5.3      | —      | 0.9       |
| Fashions and looks I want          | 5.3   | 4.8    | 1.7  | 12.6    | 16.2               | 5.3            | 6.4           | 0.9    | 0.9   | 1.8      | —      | 0.3       |
| Quality merchandise                | 11.6  | 5.8    | 2.6  | 13.8    | 19.4               | 5.7            | 4.9           | 0.9    | 1.7   | 3.3      | —      | —         |
| Easy checkout                      | 12.4  | 5.3    | 2.1  | 8.8     | 9.9                | 2.3            | 3.0           | 2.4    | 4.1   | 5.3      | 0.3    | 0.9       |

Source: Chain Store Age/Leo J. Shapiro & Associates

rium Capwell customer thinks that she must give up low price for fashion, the Mervyn's customer looks willing to give up just a little bit of quality to get both fashion and price.

In some cases, price is the name of the game. Though respondents in the study were specifically instructed not to include stores which sell food in their answers, some still could not help but to mention the Price Club.

With only one San Francisco location, the warehouse club still managed to get a vote or two for its good everyday prices and big selection of goods. The Price Club grabbed its biggest victory in small electric housewares, where its share rivaled

Montgomery Ward's.

**Capital gains:** If the San Francisco market illustrates the customer's willingness to explore new retail formats, the Washington, D.C., market reveals what happens when still another format—in this case, an electronics superstore—moves into the neighborhood.

For Bay Area retailers, the Washington, D.C., illustration is no mere academic exercise. Circuit City is set for a San Francisco entry this fall. Based on the Washington, D.C., model, Macy's should get ready to fend off some pretty heavy competition.

When asked to name a store that provides the best value for home electronics, 17.2% of customers in

the capital name Circuit City. The superstore's first place rating is about equal to the total for Sears, Penney, Ward and Hecht's combined.

Just as customers have flocked to other dominant retailers, such as Toys "R" Us for toys, given an aggressive superstore in home electronics, they look equally willing to turn the business over to the specialist.

Washington, D.C., also provides an example of a successful market entry by Bradlees. Customers give the discount chain higher marks than K mart, Zayre or Caldor. Bradlees shows particular strength in housewares, domestics and apparel over its discount rivals.

*In Washington, D.C., which store has the best value for . . . ?*

|                           | Sears | Penney | Ward | Hecht's | Woodward & Lothrop | Bloomingdale's | Lord & Taylor | K mart | Zayre | Bradlees | Caldor | T.J. Maxx |
|---------------------------|-------|--------|------|---------|--------------------|----------------|---------------|--------|-------|----------|--------|-----------|
| Sporting goods            | 10.7  | 2.1    | 2.4  | 2.6     | 2.1                | 0.3            | 0.3           | 5.5    | 3.2   | 1.8      | 0.3    | —         |
| Stationery                | 3.9   | 0.9    | 1.1  | 4.1     | 3.0                | 2.3            | —             | 5.1    | 2.1   | 3.2      | 0.3    | —         |
| Men's wear                | 12.5  | 5.8    | 1.5  | 16.6    | 9.5                | 1.8            | 2.0           | 1.8    | 0.9   | 2.3      | —      | 0.6       |
| Cosmetics                 | 3.0   | 2.7    | 1.4  | 5.6     | 14.1               | 2.9            | 3.0           | 3.3    | 1.1   | 2.6      | —      | —         |
| Home textiles             | 12.5  | 5.1    | 4.1  | 20.3    | 16.6               | 4.2            | 0.6           | 4.8    | 3.6   | 6.1      | 0.3    | 0.3       |
| Small electric housewares | 12.8  | 3.0    | 2.1  | 5.8     | 3.5                | 1.7            | —             | 6.5    | 6.7   | 7.3      | 0.3    | —         |
| Nonelectric housewares    | 10.0  | 2.6    | 3.0  | 11.2    | 6.7                | 2.6            | —             | 6.5    | 5.3   | 8.5      | 0.6    | —         |
| Children's wear           | 13.9  | 5.6    | 2.4  | 7.7     | 5.3                | 1.7            | 1.7           | 2.9    | 3.2   | 2.9      | —      | —         |
| Photo/camera              | 8.6   | 2.1    | 2.3  | 2.9     | 1.1                | 0.6            | —             | 5.0    | 1.5   | 2.4      | —      | —         |
| Furniture                 | 9.4   | 1.2    | 5.7  | 6.8     | 5.9                | 1.2            | —             | —      | 0.6   | 0.3      | —      | —         |
| Home furnishings          | 14.5  | 6.5    | 6.1  | 10.9    | 6.5                | 1.7            | —             | 1.8    | 4.5   | 3.0      | —      | —         |
| Women's wear              | 5.4   | 4.2    | 2.9  | 12.7    | 17.4               | 2.0            | 3.0           | 1.5    | 1.7   | 2.4      | —      | 1.2       |
| Consumer electronics      | 10.4  | 1.2    | 4.5  | 5.1     | 3.5                | 0.3            | —             | 1.4    | 3.2   | 2.6      | —      | —         |
| Toys                      | 3.6   | —      | 0.6  | 0.9     | 1.5                | —              | —             | 3.3    | 4.4   | 2.9      | —      | —         |

Source: Chain Store Age/Leo J. Shapiro & Associates



***In New Orleans which store has . . . ?***

|                                    | Sears | Penney | D. H. Holmes | Maison Blanche | Krauss | Macy's | Godchaux | K mart | Wal-Mart | Zayre | Mervyn's | Sam's |
|------------------------------------|-------|--------|--------------|----------------|--------|--------|----------|--------|----------|-------|----------|-------|
| Best value for money               | 15.9  | 7.9    | 16.8         | 8.4            | 2.6    | 0.3    | 1.1      | 6.8    | 10.5     | 3.8   | 0.6      | —     |
| Good service                       | 19.3  | 5.9    | 22.9         | 9.9            | 1.8    | 1.5    | 1.2      | 3.2    | 7.1      | 3.8   | 0.3      | 0.3   |
| Knowledgeable saleshelp            | 14.1  | 6.5    | 22.2         | 11.3           | 2.3    | 1.2    | 1.2      | 4.4    | 5.5      | 1.5   | 1.2      | 0.3   |
| Always find what I want            | 19.0  | 7.1    | 17.9         | 7.7            | 1.8    | 1.2    | 0.3      | 7.7    | 6.8      | 3.5   | 0.3      | 1.1   |
| Good everyday prices               | 16.2  | 6.1    | 12.8         | 9.3            | 1.5    | 0.3    | —        | 10.5   | 14.6     | 6.5   | 0.6      | 0.3   |
| Big selection                      | 19.7  | 6.7    | 24.0         | 11.1           | 1.5    | 2.3    | —        | 4.4    | 9.9      | 3.8   | 0.6      | 0.3   |
| Best return policy                 | 22.3  | 5.5    | 33.1         | 7.0            | 2.0    | —      | 0.6      | 5.5    | 5.2      | 2.9   | 0.3      | —     |
| Easy to get to                     | 11.7  | 6.5    | 21.1         | 11.2           | 2.4    | 0.9    | —        | 6.2    | 8.9      | 6.7   | 0.3      | —     |
| Good advertising                   | 15.5  | 6.7    | 13.2         | 10.5           | 2.3    | 3.0    | —        | 7.6    | 7.3      | 7.0   | 0.9      | —     |
| Great sales                        | 14.7  | 7.4    | 12.2         | 11.8           | 1.2    | 1.2    | 0.3      | 7.0    | 12.1     | 7.6   | 0.6      | 0.3   |
| Most enjoyable shopping experience | 10.0  | 5.0    | 22.9         | 11.7           | 0.9    | 4.4    | 0.6      | 3.5    | 8.3      | 2.3   | 0.6      | —     |
| Fashions and looks I want          | 9.1   | 6.1    | 25.3         | 12.9           | 1.2    | 4.1    | 1.2      | 3.8    | 2.8      | 2.0   | 0.3      | —     |
| Quality merchandise                | 16.6  | 7.0    | 27.8         | 12.3           | 1.5    | 4.1    | 0.9      | 5.9    | 5.0      | 0.3   | 0.3      | —     |
| Easy checkout                      | 16.7  | 6.4    | 17.3         | 10.5           | 3.2    | 1.8    | 0.9      | 6.1    | 7.6      | 6.5   | 0.3      | 0.3   |

Source: Chain Store Age/Léo J. Shapiro & Associates

New Orleans provides a disturbing example of what can happen when new retailers and new retail formats enter a market—especially one that is probably overstored, considering the area's current financial woes.

Home grown Godchaux, which entered Chapter 11 a year ago and finally decided to liquidate its stock and shutter its doors last month, was probably the victim of too many competitors in too weak a market.

As the study's results reveal, Godchaux just could not hold its own against the onslaught of new retailers and new retail formats. Macy's and Saks Fifth Avenue, both newcomers to New Orleans, picked up better scores from customers

than the 147-year-old native retailer.

Even Zayre, which operates out of 11 former Gaylord's locations in the market, picked up more votes for fashion. Mervyn's, with only two suburban sites, ran neck-to-neck with Godchaux in most categories.

What really delivered the death blow, however, was an economy too dependent upon oil that could not support Godchaux along with D. H. Holmes, Maison Blanche and Krauss, no less the successful entries of both Macy's and Saks Fifth Avenue.

**Keeping up with . . . :** A market analysis of Kansas City, however, shows that retailers willing and able

to make adjustments to a changing climate can reap the rewards.

While The Jones Co. thoroughly dominates the Kansas City market, scoring first for all 14 store attributes and first or second for 9 of the 14 merchandise departments in the study, the interesting result is who comes in second—J. C. Penney.

Penney learned the hard way the perils of upscaling beyond its customer, but has successfully refined its mix to take advantage of the emerging open niche for moderate fashion apparel.

Kansas City provides an excellent example of what is happening nationally for the cataloger. Of the Big 3, Penney is the only one posting gains in customer value votes in

***In New Orleans, which store has the best value for . . . ?***

|                           | Sears | Penney | D. H. Holmes | Maison Blanche | Krauss | Macy's | Godchaux | K mart | Wal-Mart | Zayre | Mervyn's | Sam's |
|---------------------------|-------|--------|--------------|----------------|--------|--------|----------|--------|----------|-------|----------|-------|
| Sporting goods            | 21.7  | 1.8    | 2.9          | 3.5            | —      | 2.1    | 0.3      | 6.5    | 5.5      | 1.4   | 0.6      | 0.3   |
| Stationery                | 6.5   | 2.3    | 13.6         | 3.7            | 0.6    | 0.3    | 0.3      | 10.3   | 4.6      | 4.2   | 0.3      | 0.3   |
| Men's wear                | 13.4  | 11.5   | 22.5         | 7.6            | 1.4    | 1.7    | 1.5      | 3.5    | 1.2      | 1.4   | 0.6      | —     |
| Cosmetics                 | 3.0   | 3.6    | 29.6         | 8.7            | 0.9    | 0.9    | 1.2      | 3.6    | 3.8      | 1.2   | 0.6      | —     |
| Home textiles             | 20.7  | 15.3   | 11.7         | 5.0            | 2.7    | 0.6    | 0.3      | 6.3    | 4.0      | 7.0   | 0.6      | —     |
| Small electric housewares | 27.3  | 4.6    | 10.3         | 3.5            | 0.9    | 0.3    | —        | 13.3   | 7.7      | 5.6   | 0.3      | 0.3   |
| Nonelectric housewares    | 20.3  | 7.1    | 17.3         | 6.8            | 3.0    | —      | 0.6      | 7.4    | 6.4      | 8.3   | —        | 0.3   |
| Children's wear           | 21.9  | 14.6   | 14.6         | 5.6            | 0.9    | 0.3    | 0.9      | 6.1    | 1.8      | 2.9   | 1.2      | —     |
| Photo/camera              | 18.5  | 3.2    | 2.9          | 0.9            | 1.1    | 0.3    | 0.3      | 9.4    | 2.3      | 1.4   | —        | 0.6   |
| Furniture                 | 17.3  | 1.1    | 11.7         | 2.0            | 2.6    | 0.3    | —        | 0.8    | 0.8      | 0.3   | —        | —     |
| Home furnishings          | 25.2  | 7.9    | 15.8         | 4.4            | 2.1    | 0.3    | —        | 3.0    | 3.8      | 1.8   | —        | 1.8   |
| Women's wear              | 8.4   | 10.3   | 25.8         | 10.9           | 1.2    | 2.0    | 1.2      | 2.4    | 2.3      | 1.5   | —        | —     |
| Consumer electronics      | 25.3  | 1.2    | 5.6          | 0.9            | 0.6    | 1.4    | —        | 4.2    | 3.5      | 0.9   | —        | 0.6   |
| Toys                      | 16.2  | 1.2    | 3.8          | 0.3            | 0.9    | 0.3    | —        | 8.0    | 7.4      | 2.7   | 0.6      | —     |

Source: Chain Store Age/Léo J. Shapiro & Associates



## In Kansas City, which store has . . . ?

|                                    | Sears | Penney | Ward | Jones | Macy's | Dillard's | K mart | Wal-Mart | Venture | Sam's | Best Products | Service Merchandise |
|------------------------------------|-------|--------|------|-------|--------|-----------|--------|----------|---------|-------|---------------|---------------------|
| Best value for money               | 11.5  | 10.3   | 5.4  | 21.6  | 2.3    | 4.8       | 5.9    | 12.0     | 5.6     | 0.3   | 2.2           | —                   |
| Good service                       | 11.8  | 10.1   | 6.7  | 23.5  | 0.8    | 8.2       | 4.2    | 5.6      | 1.7     | —     | 0.8           | —                   |
| Knowledgeable saleshelp            | 12.1  | 11.1   | 3.6  | 20.5  | —      | 10.1      | 2.8    | 2.5      | 1.7     | —     | 0.6           | —                   |
| Always find what I want            | 9.9   | 7.0    | 6.2  | 20.8  | 3.1    | 8.5       | 4.4    | 7.8      | 5.3     | —     | 1.1           | —                   |
| Good everyday prices               | 6.1   | 8.5    | 5.3  | 21.0  | 6.8    | 3.7       | 11.8   | 15.6     | 7.9     | —     | 1.1           | —                   |
| Big selection                      | 13.8  | 9.6    | 7.3  | 24.4  | 1.5    | 12.0      | 5.4    | 8.9      | 4.2     | —     | 1.9           | —                   |
| Best return policy                 | 15.2  | 9.0    | 8.5  | 19.0  | —      | 4.7       | 7.5    | 6.2      | 4.8     | —     | 2.3           | —                   |
| Easy to get to                     | 6.2   | 11.7   | 7.6  | 23.1  | —      | 9.5       | 12.9   | 7.8      | 5.4     | 0.3   | 1.1           | —                   |
| Good advertising                   | 6.6   | 9.5    | 3.6  | 27.8  | —      | 10.2      | 7.6    | 6.2      | 7.5     | —     | 2.6           | —                   |
| Great sales                        | 4.5   | 7.9    | 5.1  | 32.0  | —      | 5.7       | 6.2    | 8.1      | 8.5     | —     | 2.3           | —                   |
| Most enjoyable shopping experience | 4.2   | 8.7    | 4.2  | 25.6  | 2.6    | 13.8      | 3.7    | 5.4      | 5.3     | 0.8   | 0.3           | —                   |
| Fashions and looks I want          | 3.1   | 8.2    | 3.7  | 25.3  | 2.6    | 19.2      | 1.9    | 2.2      | 2.3     | —     | —             | —                   |
| Quality merchandise                | 11.6  | 9.2    | 4.3  | 25.0  | 2.2    | 18.5      | 0.3    | 2.8      | 2.0     | —     | 2.3           | —                   |
| Easy checkout                      | 7.8   | 10.7   | 9.5  | 18.8  | 1.1    | 11.6      | 7.6    | 6.1      | 4.7     | —     | 1.1           | —                   |

Source: Chain Store Age/Leo J. Shapiro & Associates

just about every category.

For fashion and looks, Penney scores right behind The Jones Co. and Dillard's in Kansas City, beating out Macy's and the rest of the field. In men's apparel, customers rank Penney second only to The Jones Co. as the best value. For women's apparel, Penney follows just The Jones Co. and Dillard's.

At the same time, Penney manages a rating for great sales that is only slightly behind Wal-Mart and which actually beats K mart. Like Mervyn's in the San Francisco market, Penney is gaining a customer perception that includes the best of both worlds—low price and fashion.

Perhaps few markets are more driven by price and discounting

than is Indianapolis. With K mart, Target, Zayre and Wal-Mart all operating there, Indianapolis provides an opportunity to discover how the big chains stack up against each other.

With a limited presence for Wal-Mart, and with Zayre running third, the interesting comparisons are between K mart and Target. For one, it shows just how far K mart has come in upscaling when compared to the discount chain that many credit with starting it. In the Indianapolis horse race, who wins depends upon how the votes are counted.

For the store attributes in the study, K mart is the clear winner.

While Target gets a nod from customers for easy checkout, and the two chains tie on big selection, K mart pulls in more votes for every other attribute.

When customers are queried on the best merchandise departments, however, Target is the clear winner. K mart manages more votes for sporting goods, children's apparel, photo/camera and furniture, but Target sweeps the rest of the field.

In many ways, what is significant is that customers have trouble distinguishing the two discounters. Both get high marks for low prices and good advertising. Their weaknesses—knowledgeable sales help,

## In Kansas City, which store has the best value for . . . ?

|                           | Sears | Penney | Ward | Jones | Macy's | Dillard's | K mart | Wal-Mart | Venture | Sam's | Best Products | Service Merchandise |
|---------------------------|-------|--------|------|-------|--------|-----------|--------|----------|---------|-------|---------------|---------------------|
| Sporting goods            | 11.6  | 7.8    | 5.9  | 5.4   | —      | 1.9       | 11.8   | 6.4      | 3.3     | 0.8   | 2.8           | 0.6                 |
| Stationery                | 0.9   | 2.3    | 2.0  | 8.2   | —      | 3.6       | 11.0   | 8.1      | 5.3     | —     | —             | —                   |
| Men's wear                | 6.7   | 13.0   | 5.0  | 24.1  | 1.1    | 9.0       | 1.9    | 2.2      | 2.0     | —     | —             | —                   |
| Cosmetics                 | 1.7   | 4.3    | 0.6  | 22.5  | 1.1    | 13.4      | 5.8    | 3.1      | 3.4     | —     | —             | —                   |
| Home textiles             | 13.0  | 17.2   | 3.1  | 22.7  | 1.9    | 10.7      | 8.1    | 10.1     | 5.0     | —     | 0.8           | —                   |
| Small electric housewares | 12.4  | 7.1    | 7.8  | 9.3   | —      | 3.3       | 12.1   | 11.2     | 8.2     | —     | 14.3          | 1.2                 |
| Non-electric housewares   | 7.6   | 8.1    | 5.1  | 14.8  | 0.3    | 5.6       | 9.8    | 9.3      | 10.7    | —     | 5.1           | 0.3                 |
| Children's wear           | 8.7   | 16.2   | 5.0  | 14.9  | —      | 6.8       | 7.8    | 5.3      | 6.4     | —     | —             | —                   |
| Photo/camera              | 5.3   | 6.2    | 8.2  | 2.3   | —      | —         | 13.4   | 3.9      | 5.3     | 0.8   | 0.8           | 1.2                 |
| Furniture                 | 9.9   | 9.7    | 7.8  | 13.4  | —      | 3.9       | 0.6    | 0.3      | 1.1     | —     | —             | —                   |
| Home furnishings          | 10.3  | 16.3   | 5.8  | 18.7  | 8.8    | 7.4       | 5.1    | 2.5      | 4.2     | —     | 1.5           | 0.3                 |
| Women's wear              | 4.3   | 10.9   | 2.2  | 31.9  | 1.1    | 12.9      | 2.2    | 1.2      | 2.3     | —     | —             | —                   |
| Consumer electronics      | 8.5   | 8.7    | 8.8  | 3.1   | —      | 2.0       | 6.1    | 4.7      | 2.2     | —     | 5.9           | 1.6                 |
| Toys                      | 3.4   | 3.1    | 5.4  | 1.9   | —      | 1.1       | 13.4   | 9.8      | 5.6     | —     | 5.3           | 0.3                 |

Source: Chain Store Age/Leo J. Shapiro & Associates

*In Indianapolis, which store has . . . ?*

|                                    | Sears | Penney | L. S. Ayres | Lazarus | W. H. Block | Kohl's | K mart | Target | Zayre | Wal-Mart | T.J. Maxx | Levinson's |
|------------------------------------|-------|--------|-------------|---------|-------------|--------|--------|--------|-------|----------|-----------|------------|
| Best value for money               | 16.3  | 13.2   | 11.1        | 5.2     | 4.4         | 1.8    | 14.0   | 9.9    | 2.8   | 2.0      | 1.7       | 1.5        |
| Good service                       | 16.3  | 10.2   | 18.3        | 7.5     | 7.6         | 0.9    | 9.1    | 4.7    | 2.9   | 1.7      | 0.6       | 1.1        |
| Knowledgeable saleshelp            | 16.1  | 9.6    | 16.9        | 9.9     | 6.4         | 0.9    | 5.7    | 2.1    | 3.8   | 0.6      | 0.3       | 1.5        |
| Always find what I want            | 12.5  | 9.8    | 16.0        | 6.1     | 5.9         | 1.2    | 12.2   | 7.6    | 4.0   | 1.7      | 0.3       | 1.5        |
| Good everyday prices               | 9.9   | 10.7   | 6.7         | 5.0     | 6.3         | 1.6    | 17.8   | 17.5   | 5.8   | 3.8      | 2.4       | —          |
| Big selection                      | 22.5  | 7.8    | 18.3        | 5.2     | 7.6         | 1.7    | 10.7   | 10.7   | 4.1   | 0.9      | 0.3       | —          |
| Best return policy                 | 19.3  | 18.1   | 16.6        | 4.4     | 5.6         | 0.6    | 12.6   | 7.2    | 3.0   | 2.0      | 1.4       | 0.6        |
| Easy to get in                     | 11.0  | 7.2    | 15.2        | 4.9     | 7.3         | 1.2    | 16.9   | 8.4    | 6.4   | 3.8      | —         | 0.6        |
| Good advertising                   | 16.0  | 7.8    | 14.5        | 7.0     | 8.8         | 0.6    | 14.3   | 11.3   | 4.0   | 2.4      | —         | —          |
| Great sales                        | 13.7  | 9.9    | 13.0        | 6.0     | 7.9         | 0.9    | 13.0   | 10.1   | 4.4   | 1.7      | 1.4       | —          |
| Most enjoyable shopping experience | 11.3  | 9.8    | 18.3        | 8.1     | 9.0         | 0.6    | 12.5   | 8.7    | 3.2   | 1.7      | 0.9       | 0.6        |
| Fashions and looks I want          | 10.2  | 8.5    | 22.6        | 10.2    | 8.1         | 1.2    | 5.2    | 3.8    | 2.1   | 0.9      | 0.9       | 1.5        |
| Quality merchandise                | 15.1  | 12.5   | 22.3        | 9.9     | 8.8         | 0.9    | 5.9    | 4.6    | 1.6   | 0.9      | 1.4       | 1.5        |
| Easy checkout                      | 10.8  | 9.6    | 13.7        | 8.2     | 6.5         | 2.0    | 7.9    | 11.3   | 6.3   | 3.2      | 0.9       | 1.5        |

Source: Chain Store Age/Leo J. Shapiro & Associates

fashion, and quality goods—are judged the same, too.

And neither chain seems to have distinguished itself with a power department. Small electrics and non-electric housewares are considered the best departments in both stores. Target, however, gets a nod for its stationery department, while K mart scores better in sporting goods and photo.

Indianapolis customers have the same trouble making distinctions among their major department stores. Though they express a clear preference for L. S. Ayres over both Lazarus and W. H. Block, customers tend to think of the three as not really being that different from each other.

All three department stores get their highest grades for attributes such as quality goods, fashion and how much customers enjoy shopping there. Men's and women's apparel, in addition to domestics, are judged the top departments for each.

**Dinosaurs?:** The Indianapolis results are no different from the other four markets in the study. Once again, they raise the question: Are department stores undermarketing themselves into retail extinction?

Probably not. The study provides ample evidence that department stores are still the top valued retail format. However, the survey results also indicate the department stores are just as clearly under an

attack which is whittling away at their lead.

Fewer customers shopped department stores last year. Instead, customers made more shopping trips to virtually every kind of specialty store—and they liked what they found. Toys "R" Us swamped the field in every market for toys. Circuit City ran away with the top value rating for electronics in Washington, D.C. And while specialty store marks jumped, department store ratings fell.

But most importantly, last year customers discovered fashion, the heaviest marketing weapon in the department store arsenal, at discount stores. □

—Rick Gallagher

*In Indianapolis, which store has the best value for . . . ?*

|                           | Sears | Penney | L. S. Ayres | Lazarus | W. H. Block | Kohl's | K mart | Target | Zayre | Wal-Mart | T. J. Maxx | Levinson's |
|---------------------------|-------|--------|-------------|---------|-------------|--------|--------|--------|-------|----------|------------|------------|
| Sporting goods            | 10.1  | 6.7    | 2.4         | 1.2     | 1.0         | 2.1    | 13.3   | 9.0    | 2.6   | 2.4      | —          | —          |
| Stationery                | 4.1   | 2.0    | 6.3         | 1.2     | 1.2         | 1.2    | 11.6   | 13.9   | 3.7   | 2.4      | —          | 0.3        |
| Men's wear                | 14.8  | 13.1   | 16.9        | 8.1     | 8.1         | 0.9    | 6.3    | 6.9    | 2.8   | 0.3      | 0.9        | 2.6        |
| Cosmetics                 | 4.7   | 4.3    | 19.1        | 5.3     | 3.7         | 0.3    | 5.8    | 9.3    | 2.3   | 1.2      | —          | —          |
| Home textiles             | 11.9  | 16.6   | 17.2        | 6.3     | 6.7         | 0.6    | 11.3   | 11.9   | 4.4   | 1.2      | 1.1        | —          |
| Small electric housewares | 15.7  | 3.0    | 4.7         | 3.4     | 2.9         | 0.9    | 14.9   | 16.8   | 7.2   | 3.0      | —          | —          |
| Non-electric housewares   | 7.6   | 8.5    | 10.7        | 3.5     | 3.5         | 0.9    | 13.6   | 16.5   | 6.9   | 2.0      | 0.3        | —          |
| Children's wear           | 15.6  | 10.6   | 5.0         | 4.6     | 2.4         | 0.9    | 13.0   | 7.2    | 3.2   | 1.2      | 1.2        | —          |
| Photo/camera              | 7.9   | 3.8    | 2.1         | 1.4     | 0.9         | 0.3    | 13.3   | 8.4    | 2.6   | 1.7      | —          | —          |
| Furniture                 | 16.5  | 7.0    | 6.7         | 4.1     | 2.9         | —      | 1.2    | 0.6    | 0.3   | 0.8      | —          | —          |
| Home furnishings          | 17.2  | 11.6   | 9.3         | 5.9     | 3.1         | 0.3    | 6.1    | 8.4    | 2.6   | 1.1      | —          | —          |
| Women's wear              | 6.3   | 9.5    | 19.1        | 8.1     | 7.3         | 0.3    | 4.9    | 5.9    | 1.2   | 0.6      | 1.7        | —          |
| Consumer electronics      | 9.6   | 4.0    | 3.4         | 0.9     | 2.4         | —      | 5.0    | 7.9    | 3.2   | —        | —          | —          |
| Toys                      | 5.2   | 1.2    | 1.2         | 0.6     | 1.7         | 0.3    | 11.4   | 12.1   | 2.1   | 4.0      | 0.8        | —          |

Source: Chain Store Age/Leo J. Shapiro & Associates

## VCRs, videotape hot, TVs not

**H**ow big is the VCR market? Still big and still growing, according to *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends research. In the last 12 months, more families bought a video cassette recorder than bought more prosaic categories, such as curtains and drapes. Only slightly more households bought a clock last year.

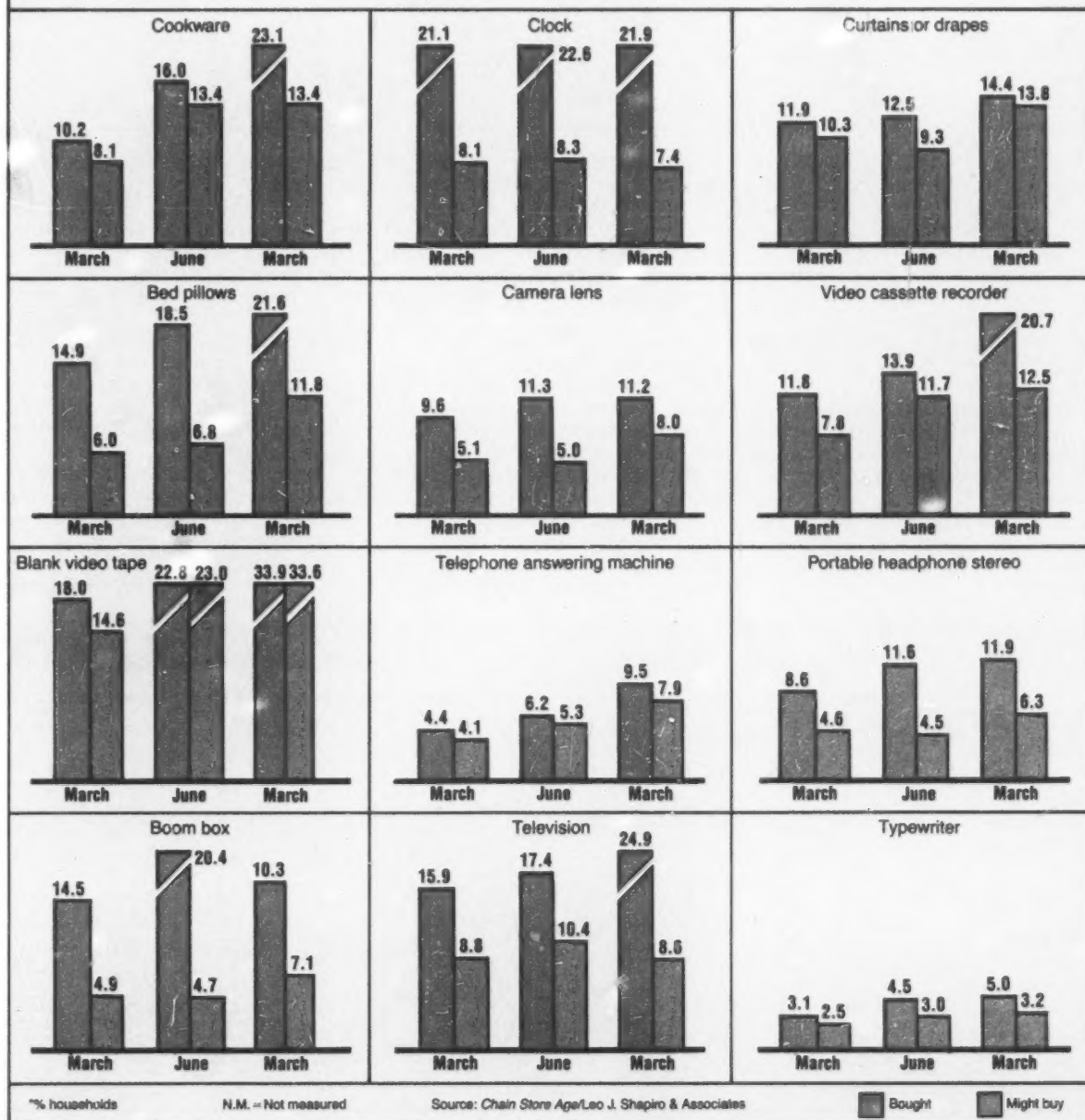
In the latest MarkeTrends survey, about 1 in 5 families report that they bought a VCR within the last 12 months. Approximately 1 in 3 households purchased blank video tape. Both categories, according to the national telephone poll, are due for even more increases, but at a slower pace.

Though buying intentions for

VCRs by the MarkeTrends families are up over 60% from readings taken a year ago, most of that demand has already been satisfied and is reflected in last year's sales. *Chain Store Age* is projecting that the number of households buying this year will increase a more modest 6%-7%.

As for blank video tape, the MarkeTrends survey reveals just how much of a commodity item it has become. Based on the current poll, ev-

1986-87 Consumer Buying Survey\*



# WHAT IS THE FUTURE OF AFTERMARKET CAR AUDIO

Car stereo retailers are feeling increasing pressure from automobile manufacturers. Consumers are turning to aftermarket retailers with less frequency.

**C**ar audio retailers are hopping mad. Automobile manufacturers are putting souped-up stereos into new cars. What is the big fuss? Freedom of choice, say the retailers.

It means that customers who wish a different audio system must first convince themselves that somehow it makes sense to rip out a pretty expensive unit—one they must pay for when they buy the car—just to install another. Few customers, the car audio retailers argue, are that dedicated.

The retailers just might have a point. The latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll reveals that 54% of families expect to buy their next car stereo right along with the car—right from the dealer.

When only those who are buying a new car are considered, the news gets even worse. According to the survey, 71% of new car buyers say that they will buy their next auto sound system from a new car dealer.

Families buying a car stereo for a used car give the retailer a better break. In the poll, 74.2% of households buying an auto sound system for a used car report that they will buy from a retail outlet, and not from a dealer. The only problem is that purchases for used cars amount to only about one-third of the total market, says the survey.

It is a problem with enormous financial implications for both the automobile and consumer electronics industries. This year the wholesale value of both domestic factory installed and aftermarket car audio equipment will top \$3 billion, according to the Electronics Industries Association. And that number does not include the thousands of units shipped already installed by overseas auto manufacturers.

Consumer interest in buying car audio is at an all time high this year, too. A full one-third of the families in the MarkeTrends survey say that there is at least some chance that they will buy a car stereo this year. Eight per cent report that they definitely will buy in 1987.

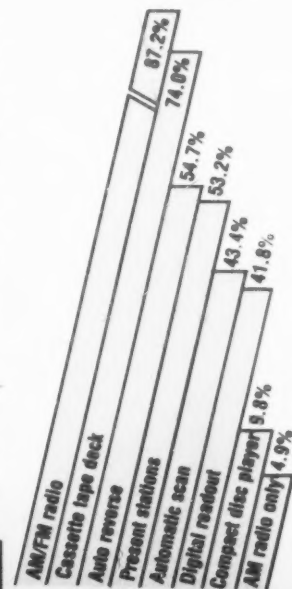
Considering how much time consumers are listening to their current auto sound system, it is no wonder that the category is taking off. On the average, families in the study report that they use their car stereo 8.3 hours every week. One out of every 10 families is listening 20 hours or more in a typical week.

Customers look pretty willing to back their investment in time with a healthy investment in dollars to get what they want. In the current poll, the MarkeTrends families say that they expect to pay an average \$270 for the auto sound system which will meet their needs.

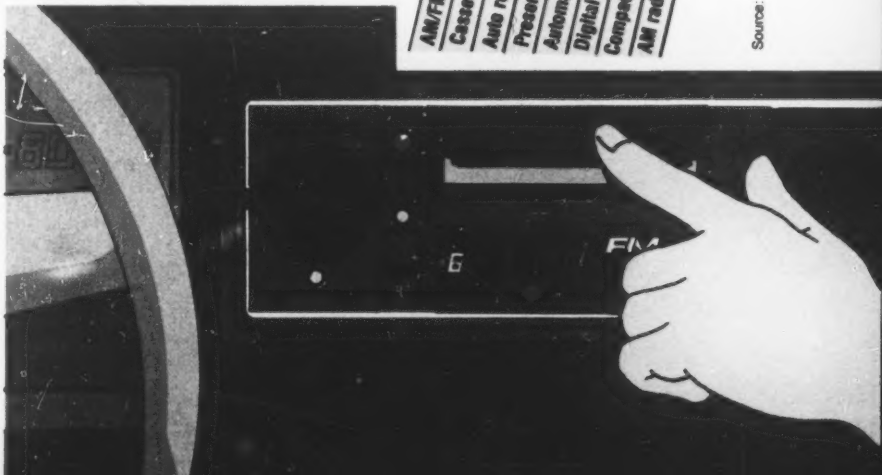
What this average does not reveal, however, is a steady upward price creep away from the low end. Three years ago, about one-third of the MarkeTrends families said that they planned on spending less than \$150 for a car stereo. This year, only 12.3% report that they expect to pay that amount.

And unlike three years ago, when the market was fragmenting into just the low and high ends, the current market is centered squarely at the middle range. One in every four of the MarkeTrends households says that they will spend between \$200 and \$299.

*The features customers definitely want . . .*



Source: Chain Store Age/Leo J. Shapiro & Associates





Part of the reason for the upward price creep is features. Stripped down car audio systems are no longer on just about any customer's shopping list. Only 5% of the MarkeTrends households say that their next auto sound unit will have an AM radio only.

Instead, AM/FM radios have become the standard for car sound systems. In the most recent poll, a whopping 87% report that an AM/FM radio would definitely be part of their next auto stereo.

Cassette tape players are another near must. About 3 out of 4 families in the survey say that they definitely will purchase a cassette tape player as part of their next system. A surprisingly high 10% report that they want a compact disk player in their car the next time out.

When it comes to some specific features, however, the customer's ardor cools off a bit. Only 55% of the families in the poll say that auto-reverse is an essential for their car cassette player. The ability to preset favorite radio stations is a definite must for a surprisingly low 53%. Only 43% are definitely looking for automatic scan.

Sophistication about car audio itself looks like the best predictor of those families who want more advanced features. Those who currently own a car stereo with both an AM/FM radio and a cassette tape player are more likely to want additional features than are those whose current car system has just an AM/FM radio.

As far as brand goes, the field is wide open. When asked what brand of auto sound system they expect to buy, 46% of the MarkeTrends households cannot come up with the name of a brand. Among the 54% who do profess a brand preference, Pioneer is the customer's top choice. Following are Sony, Panasonic and Alpine.

Disturbingly, for car audio retailers, General Motors' Delco brand ranks fifth on the customer's list. In the poll, Delco beats out some pretty formidable contenders, ranking higher than Radio Shack, Blaupunkt, Kraco and Kenwood.

Delco's strong performance in the MarkeTrends study once again illustrates the problem faced by car audio retailers: They face competition not only among themselves, but also from car dealers and manufacturers.

In the aftermarket, electronics

specialty stores—and the superstores in particular—have run away with a big chunk of the business. About 40% of all families which plan to buy in the aftermarket report that they expect to make their purchase at one of the electronics specialists.

Discount stores rank a distant second to the specialists. According to the poll, only 8% of families inter-

viewed name a discount store as the place to buy a car stereo. K mart, by itself, takes a 5% share.

However, the study's worst news comes to Sears. Only 1% of the families in the survey say that they will buy their next car stereo from the nation's largest retailer. In past MarkeTrends polls, Sears has scored about 5% of total aftermarket sales. □

## one breakthrough after another

### Midland's Ready Rescue II

Why the first complete, 40-channel emergency CB is still the best seller.

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Which brings us to the best feature of all—fast turnover. A feature

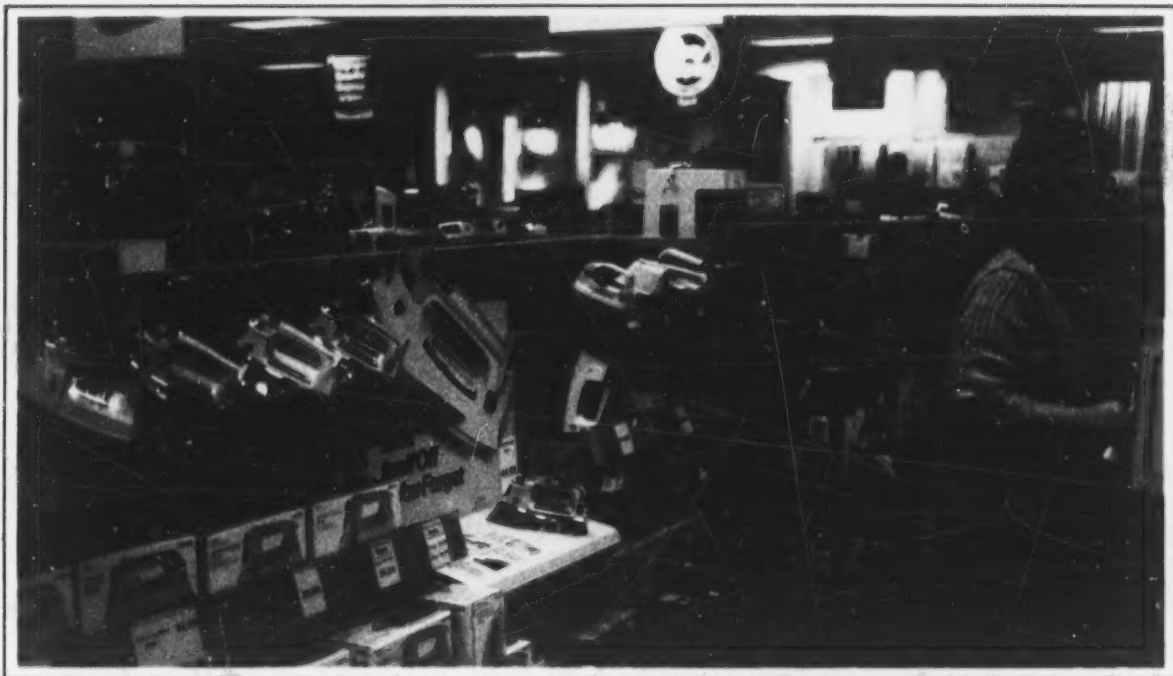
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## FEATURES: A PRESSING TOPIC IN STEAM IRONS



Automatic shut-off has expanded the market. But to keep price points low, vendors have begun to drop some basic features. Consumers, however, want the old with the new.

**H**ow many features can you strip from an automatic shut-off iron and still turn on customers? Retailers and suppliers will confront that riddle this year, as electronic monitoring technology continues its movement down the product line.

*Chain Store Age* MarkeTrends research did a thorough investigation of consumers' buying intentions and feature preferences regarding steam irons. Results show that shoppers want electronic gadgetry, but they are reluctant to give up lower-tech features.

That could present problems for the juggling act ongoing in this category. Steam irons are a price-sensitive product, and the shut-off capability raises manufacturing costs. Recently, vendors have lowered

prices by shaving off nonelectronic features. It is a delicate balance.

Auto shut-off has been the single most important factor in accelerating the iron replacement cycle. The market swelled by about two million units in 1984, the year Sunbeam introduced its Monitor Electronic iron. A wave of similar entrants followed, including Black & Decker's Automatic Shut-Off iron.

The purchasing boom continued through 1985, but did not grow further. In those days, an electronic self-monitoring iron was a premium product with a premium price. Sunbeam's pioneering product debuted with a full-margin retail of \$67.

Even now, fully featured shut-off irons sell at discount stores for around \$50—substantially more than the average \$29.40 that survey

respondents expect to pay for their next iron. However, price expectations have been creeping up since *CSA* MarkeTrends first began tracking them.

Sunbeam and B&D last year gave the category another shot of steam by extending the shut-off feature to more modestly configured irons. These irons turn themselves off rapidly in sole-down position, but they may react slowly if left on heel rests. Some lack self-cleaning or extra steam features, and they may not indicate when the desired temperature setting has been reached—a standard in top-of-the-line automatics.

According to industry estimates, these second-best high-tech irons expanded the market by another million units in 1986. But survey re-

### What features do you want in your next steam iron?

| Feature                   | Percentage of consumers rating it "very important" |
|---------------------------|----------------------------------------------------|
| Nonstick coating          | 71.3                                               |
| Detailed fabric guide     | 68.4                                               |
| Steam at low temperatures | 66.1                                               |
| Extra steam               | 63.9                                               |
| Button grooves            | 63.8                                               |
| Self-cleaning             | 63.4                                               |
| Automatic shut-off        | 63.0                                               |
| On-off indicator light    | 62.8                                               |
| Temp. indicating light    | 52.4                                               |
| Beep before shut-off      | 48.0                                               |
| Switchable cord           | 29.5                                               |
| Cordless                  | 29.1                                               |

Base: Those who iron

Source: Chain Store Age/Leo J. Shapiro & Associates

sults suggest that some shoppers may reject these Cadillacs minus radios. They just might prefer a fully equipped Chevrolet.

When consumers were asked to rate the importance of various features in the next iron they buy, some old-hat upgrades—such as nonstick soleplate coating—emerged stronger than auto shut-off.

In general, factors that ease ironing chores were rated as high or higher than the worry-free shut-off capability. It should be noted that the survey addressed these questions only to respondents who actually do ironing.

That turned out to be a rather select group. The survey found that slightly more than half of all consumers never do any ironing. Included in the nonironers were one-fourth of the women surveyed and three-quarters of the men.

Those who iron rated nonstick sole coating as No. 1 in value, with 71.3% judging it very important. Second in importance is a detailed fabric-temperature guide—practically a staple, though some promotional irons offer only sketchy ones. A detailed guide is called very important by 68.4%.

In third place, a clump of features ran neck-and-neck. They included the ability to produce steam at low temperatures (a byproduct of electronic thermostats and very important to 66.1%), the extra-steam feature (very important to 63.9%), soleplate button nooks that allow ironing close to buttons (63.3%), and

a self-cleaning function (63.4%).

The auto shut-off feature nearly matched those other third-placers, judged very important by 63%. Nearly 19% termed it not at all important, compared with the 13% who attached no importance to nonstick soles.

Following closely was the on-off indicator light, earning highest importance ratings from 62.8%. Other features were considered not quite as crucial. A light indicating that the desired temperature setting has been reached is very important to only 52.4%, with 19.7% finding it not at all important.

In its TV advertising last year, Black & Decker highlighted the beep that sounds before its top-of-line iron turns itself off. Two out of five (40%) consider this very important.

Cordlessness was a big loser in the importance ratings, with a mere 29.1% of ironers weighting it as very important. Switchable cords, adaptable for left- and right-handed ironing, attracted moderate interest, with 46.9% judging them crucial.

Lightweight irons, made possible by the development of plastic bodies and smaller sizes, were yesterday's big news. Now consumers seem to have mixed reactions. Some retailers have noted that shoppers register initial enthusiasm for feather-

weight compacts, only to complain later that they work like toys.

The survey discovered that consumers prefer light irons to heavier weights by nearly a 2 to 1 margin. But by almost the same edge, they say they prefer steel bodies to plastic. A light steel-body iron is, as one vendor says, "a contradiction."

In their search for lighter weights, most consumers refuse to sacrifice size. Full-size irons are the choice of 71.3%, with about one-fifth willing to settle for (as the survey phrased it) "a bit smaller than full size." Travel irons are on the shopping lists of 5.5%.

Like automatic shut-off, disenchantment with flyweight irons could be sending recent purchasers back into the market.

As expected, purchasing plans are most definite for consumers whose current iron is over two years old. Twenty-one per cent of that group have definite or probable intentions of buying a new steam iron in the next 12 months.

But a significant portion of the younger-iron owners (10.7%) also describe their purchasing plans as definite or probable.

The largest cluster of respondents, 48.6%, name the \$25 to \$40 range as the amount they expect to spend for an iron. Slightly less than 10% anticipate paying less than \$20. □

## Youth recognizes Black & Decker

"Oh, mom, you're stuck in the Stone Age. G.E. doesn't make irons anymore."

That daughter-to-mother advice will be heard more often, survey results suggest. Since its acquisition of General Electric's small appliance business in 1984, Black & Decker has been struggling to publicize the transition. And younger women are getting the message.

The survey shows that 35.5% of all consumers who iron, male and female, want their next steam iron to be a G.E.—a name no longer appearing on small appliance nameplates. B&D was the brand named by 19%.

However, women aged 18 to 34 are more in the know. Twenty-nine per cent of them named G.E., but almost as many—23%—said B&D. By comparison, women aged 35-plus chose G.E. 43% of the time, with only 13% naming B&D.

Young women were targeted by a \$10 million 1986 ad campaign themed, "G.E. irons are now Black & Decker." It included a music video-style television commercial showing youthful blondes wielding the B&D premium iron. Sung in the background: "You can't let the work take the girl out of you."

The commercials may have hit a strategic bullseye. CSA Marketrends discovered that young women do plenty of ironing. Asked if they ever use an iron, 84% of the female under-35 group said yes. That compares with 65% of older women and 49.6% of all consumers.



## CROSS MERCHANDISING MOVES

# BATH RUGS

Shoppers have been trained to pick up a bath rug when they select towels. Fashion and ensembles are spurring interest. Even one-bathroom households plan to stock up.

People aren't building new bathrooms left and right," a maker of bath rug fibers commented some months ago. A recent *Chain Store Age* MarketTrends survey proved him right. Only 46.5% of the sample reported having two or more bathrooms. Nevertheless, even one-bath households want to stock up on rugs.

Retailers have noted growth in the category, many of them attributing it to better fibers, more fashionable looks, and aggressive cross-merchandising. "Whenever we do a towel ad, we run a rug ad with it," says a buyer at a Northeast department store that formerly advertised rugs separately.

That kind of effort seems to be bearing fruit. The survey found that 55.9% of consumers with next-year buying intentions plan to purchase a rug at the same time they select towels. Fifty-three per cent would pick up lid or tank covers along with a bath rug.

Opportunities for add-on sales are wide open. Asked whether they would coordinate a bath rug with other bathroom furnishings, 26.7% of all respondents said they would mix or match rugs to towels. About one-eighth are after coordination of



26.7% of all respondents said they would mix or match rugs to towels.

rug and shower curtain, while 14.7% chose window curtains as the coordinating key. Another 16.2% want a harmonious ensemble of all these items.

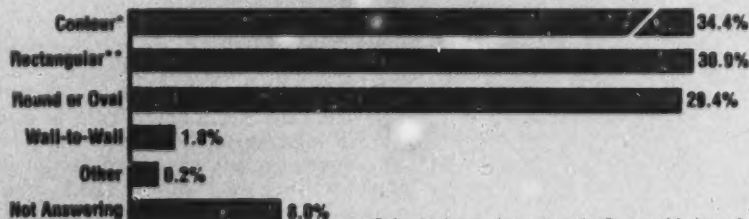
More cross-merchandising avenues will be available for exploration soon. Last fall, Springmaid an-

nounced that its Bill Blass sheeting collection would be extended to bath fashions. The mill has chosen an appropriate testing ground for bed-bath combinations, since the Blass line is heavy on solids. Solid bath rugs are preferred to patterns by more than a 5 to 1 margin, the survey revealed.

However, some patterned bed-bath combos are also doing well. Springmaid's popular Anastasia sheet design, a floral, comes with a matching rug that has scored a hit in many stores. Vendors are beginning to suspect that bath rugs sometimes wind up in the bedroom or in an adjacent powder room.

Consumers' urge for rapid rug replacement—exhibited by the desire to match rugs to often-changed towels—seems to matter more than the number of rug sites in the home. Households with two or more bathrooms show only slightly more in-

**How bath rugs shape up**  
If you were going to get a bathroom rug,  
what shape would you want?



Note: Multiple responses were permitted.  
Source: *Chain Store Age*/Leo J. Shapiro & Associates

\*Defined in the question as "a rug that fits around the base of the toilet."  
\*\*Percentage figure also includes the response "squares"



terest in a next-year purchase of a bath rug than do single-bath homes.

Some people simply do not want bath rugs. Households that currently use a rug in at least one bathroom are far more likely to buy one next year than are rug-free households. Slightly more than one-quarter of the sample has no rug in any bathroom. They compose one-third of the group saying there is no chance they will buy one in the next 12 months.

Overall, however, buying intention is high, with 7.3% of all respondents definitely planning a coming-year purchase. Another 12% rate their chances as probably, while 19.2% voice a maybe.

In last month's home textiles MarkeTrends report on bath accessories, preferences for bath rug shape were reported. That previous survey found an unusually large number of respondents, about 12%, with no answer to the shape preference question.

CSA went back and asked again, this time defining the contour rug, which was one of the possible shapes mentioned in the earlier survey.

Apparently consumers had not realized that a contour is a rug that fits around the base of the toilet. Once the term was defined, response to contours shot up, from last month's 13% to 34.4%. Most of those additional votes came from the group initially expressing a preference for ovals. Oval votes sank from 40% to 4%, an indication that by citing ovals, most respondents had meant oval contours.

In both surveys, rectangulars pulled preference mentions from roughly one-third of those polled,

| The color of money in bath rugs                                                                                                                    |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| If you were going to get a bathroom rug, would you want a solid color or a pattern?                                                                |       |
| Solid                                                                                                                                              | 79.5% |
| Pattern                                                                                                                                            | 14.5  |
| Not answering                                                                                                                                      | 5.7   |
| If a solid color, what color would you want?                                                                                                       |       |
| Blue                                                                                                                                               | 25%   |
| Beige/tan                                                                                                                                          | 11.1  |
| Brown                                                                                                                                              | 9.7   |
| Pink/pale                                                                                                                                          | 6.3   |
| Green                                                                                                                                              | 7.1   |
| Yellow                                                                                                                                             | 3.3   |
| White                                                                                                                                              | 3.2   |
| Peach                                                                                                                                              | 2.5   |
| Gray                                                                                                                                               | 2.1   |
| Red                                                                                                                                                | 2.0   |
| Gold                                                                                                                                               | 1.2   |
| Burgundy                                                                                                                                           | 1.2   |
| Purple/plum                                                                                                                                        | 0.7   |
| Other                                                                                                                                              | 2.7   |
| Not answering                                                                                                                                      | 6.6   |
| <small>Percentages given are based on online sample, including consumers preferring patterns to solids. Multiple responses were permitted.</small> |       |
| <small>Source: Chain Store Age/Lee J. Shapiro &amp; Associates</small>                                                                             |       |

and only about 1% want to buy a wall-to-wall rug, available in cut-to-fit kits in many domestic assortments.

Bath rug vendors have wondered whether installed wall-to-wall bathroom carpeting puts a damper on the desire for area rugs. That does not seem to be the case. Slightly more than one-fourth of all households have wall-to-wall carpeting in at least one bathroom, the survey found, with the majority of this group (65%) currently owning an

area bath rug also.

The wall-to-wall group's chances of buying a rug next year are about average. They are more likely than other respondents to have multiple bathrooms.

Despite synthetics' faster drying qualities, consumers say they prefer all-cotton bath rugs. On the fiber question, 100% cotton got nearly one-third of the votes, while all-synthetic rounded up 14%. Cotton-synthetic blends, a rarity in bath rugs, were the choice of nearly 44%, while one-tenth of the sample had no answer to this question.

The attraction to cotton tends to diminish at point-of-sale, however. Cotton Inc., an organization representing suppliers of cotton products, notes that another survey turned up about the same cotton preference, more than 30%, several years ago. However, Cotton Inc. concedes, market share for all-cotton is actually closer to 15%.

In citing all-cotton, consumers may be expressing an inclination toward natural looks and subdued lusters. They are likely to find what they want in synthetic rugs.

Until a short time ago, the standard synthetic bath rug was a nylon plush, brash and shiny. New heat-set nylons and polyesters now allow synthetics to mimic wool and cotton. One of the fastest-turning rugs, Regal Rugs' Juliet, is a blend of Trevira and Zefran.

Juliet is a shag rug, and shags are the choice of 38.1%. Of those planning to shop for something other than shag, the majority (55%) would select velour over terry loops.

The MarkeTrends bath accessories survey results reported last month showed a strong preference for blue bath rugs. Re-testing this month again found blue on the top rung, chosen by nearly one-fourth of the sample twice in a row.

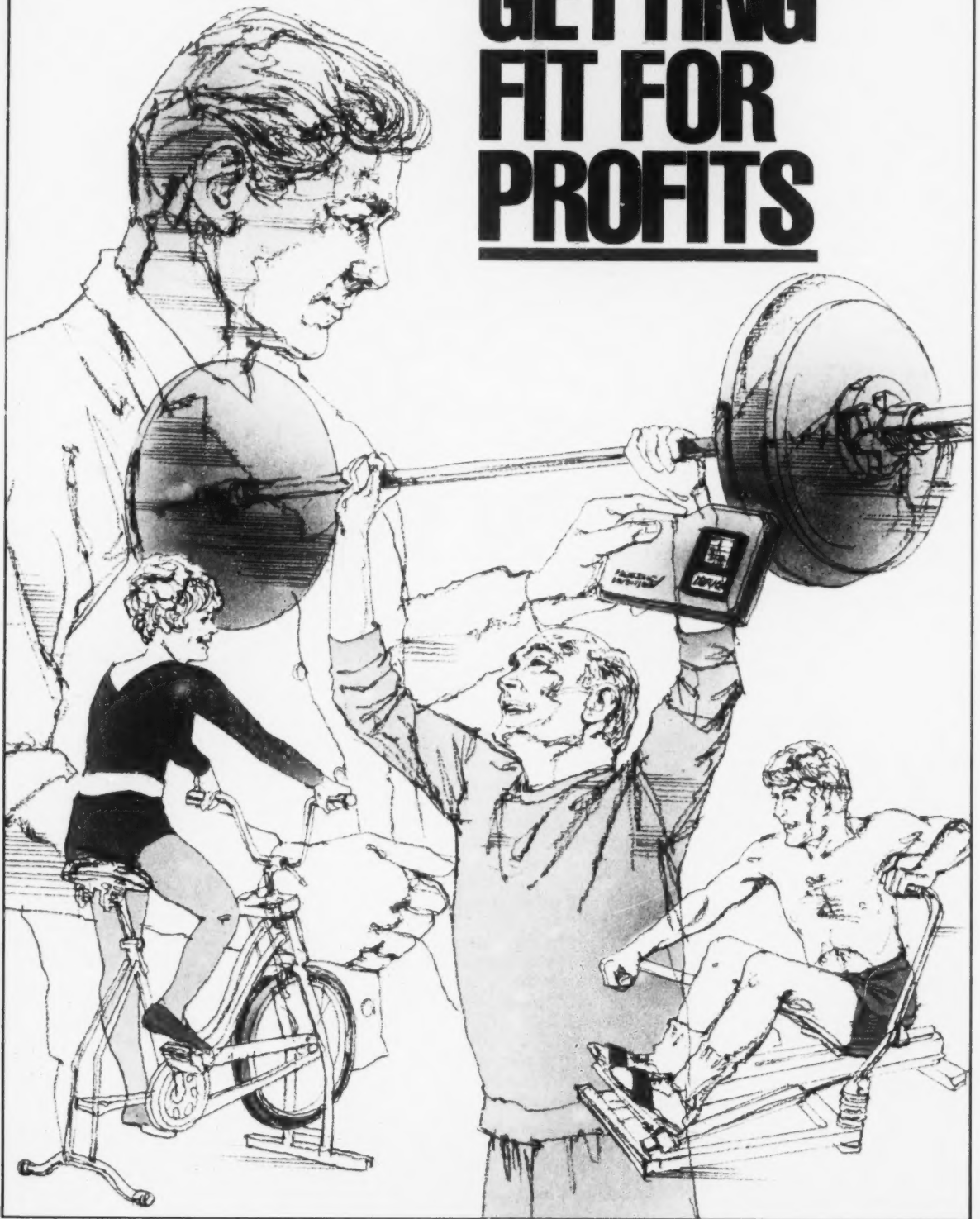
As before, brown tones were second choice, but consumers fine-tuned their shade choices. Beige and tan got 11.1% of the nods, while brown received nearly 10%. Green and pink made relatively strong showings with 7.1% and 6.3% of the mentions, respectively.

Promotional bath rugs abound, but consumers show little interest in hunting for bargains. The average price they expect to pay for the bath rug they want is \$20.20. One-third of the prices mentioned fell into the \$15 to \$20 range, with nearly 15% naming a single price: \$20. □



7.3% of all respondents definitely plan a coming year purchase.

# GETTING FIT FOR PROFITS



# A PROFILE OF TWO FAMILIES: RIGHT CREDENTIALS BUT NO SALE

**P**eter Bernstein and his family are the type of exercise equipment and home health care customers that retailers covet. So too, are Jack Swire and his wife Gwendolyn. They are also the clientele suppliers are courting.

Both the Bernsteins and Swires command household incomes in excess of \$35,000 per year. The Bernsteins have a 10-year-old son; the Swires are what is currently called "dinks"—that is double income, no kids.

Like many of today's young couples—the Bernsteins are in their early 30's, the Swires, their late 20's—these families frequented health clubs until time and money pressures made that a luxury no longer feasible.

One would think the Bernsteins and Swires would be rushing to buy at-home exercise equipment. Then, too, it seems logical they would be interested in home health care items such as blood pressure monitors or, in the Bernstein's case, a digital thermometer for their son.

But, Bernstein claims the only at home exercise item he owns is a jump rope. An old-fashioned glass thermometer is still stowed in the medicine cabinet.

Bernstein has noticed a slight paunch around his midsection and is toying with the idea of an exercise bike. But what is somewhat alarming is that he does not know where he would shop for such an item, and, he has no idea what a suitable price would be for

the bike. He guesses \$200 would be about his limit.

"I'd leave the purchasing to Deborah," he says referring to his wife. Deborah also is not too sure where she'd buy, although she'd start her trek at Sears.



*Swire tests an exercise bike, memories of assembly haunt him.*

Bernstein says features would not be as important as price and the size of the bike. "Just getting on the bike would be half the battle. I don't want to know how fast I'm going or how rapid my heart-beat is—that would scare me off forever." He says he would use the bike two or three times a week.

The Swires already own one of the standards of at-home workouts: a rowing machine. It was purchased by Gwendolyn for Jack at a discount store as a gift for Christmas 1984.

After four hours of assembly, and a few months of use, the rowing machine has joined Jack's museum of unused items. Although he has contemplated buying an exercise bike, the memories of putting the rower together coupled with his lack of time to use the apparatus stop him. Instead,

Gwendolyn and Jack are giving "Jane Fonda's Workout" tape a try.

"We paid about \$100 for the rower and I used it for a few weeks," Jack recalls. "At that time we lived in an apartment so I had to store it and it was a pain getting it out . . . now we have a four bedroom house and I've found other excuses."

The Swires are typical of many other families who buy an exercise item only to shove it in a corner to collect dust. The industry is in need of ways to inspire owners to use the items they have so that they will be willing to purchase other products.

Both families expressed similar feelings about home health care items. "Taking your blood pressure is probably unique for a few weeks, then you lose interest," says Bernstein. However, as they grow older, both families thought they would be interested in some health-monitoring products.

The challenge, in order to capture the favor of these shoppers, is to make products worth not only the monetary investment, but the time as well. Incorporating tanning lamps on an exercise bike such as Sperti has done or building in stereo equipment is one idea. Vendors must also remember the need for easy assembly and easy storage.

"That is especially crucial," says FIND Research's Peter Allen, "because the typical customer is living in small quarters and wants to hide the equipment when it is not in use."

**THESE TWO FAMILIES SHOW INTEREST BUT, FEAR HOME EXERCISE ITEMS WILL BECOME DUST COLLECTORS.**



# THE BOTTOM LINE IS COMMITMENT

All indications point to a boom in home exercise equipment.

For example, a recent Gallup Poll of 1,022 adults reveals 69% are working out regularly, up from 54% two years ago. Moreover, people who work out often are 2.5% more likely to say they are happier than their less active counterparts.

FIND/SVP research estimates sales of home exercise equipment will rise 20% to 25% annually enroute to \$2.1 billion by 1991. The New York-based research firm says Americans spent \$1.2 billion for equipment at retail in 1985, up from \$1.1 billion in 1984.

And, *Chain Store Age/Better Homes & Gardens* research shows interest-to-buy up in several high-ticket exercise categories such as rowing machines.

Yet, retailers say they have not had the sales bonanza they have been reporting. The category turns very slowly—under two times per year—and requires monumental space. The picture is exacerbated by the fact there are so many vendors offering varying degrees of quality and prices.

"The shakeout has begun," says Vitamaster's market analyst Peter Anderson. "It is a shakeout of both vendors and retailers. The bottom line is commitment."

The commitment for vendors means stocking a full array of merchandise including exercise bicycles, rowers and treadmills. For retailers, it means turning over enough space to display the goods and offering more than one choice of each classification.

Already there have been casualties. Huffy exited on the vendor end; Gold Circle has pared its selection and Montgomery Ward, despite its splashy home exercise department in its prototype, Seven Worlds of Wards store, has refined its selection.



A full array of merchandise means including rowers and exercise bikes.

## Forecast of Consumer Sales 1985-1991

| Year | Projected Sales in Constant 86 \$ | Annual Growth |
|------|-----------------------------------|---------------|
| 1985 | 1,216                             | 15%           |
| 1986 | 1,366                             | 12            |
| 1987 | 1,516                             | 11            |
| 1988 | 1,672                             | 10            |
| 1989 | 1,838                             | 10            |
| 1990 | 1,986                             | 8             |
| 1991 | 2,133                             | 7             |

Source: FIND/SVP Forecasts

Retailers are trying to claim a niche in the market. Best Products, a spokesman says, has established itself as a place to shop for a good selection at low prices. Its mix is under \$100, yet features brands such as Vitamaster and AJAY.

Other chains credited with making a statement in home exercise include Lechmere, Caldor, K mart and Sears. Caldor has started advertising the items more often as part of home sales. A recent flyer touted a Marcy

Brawny bench for \$49.99 and a dual action ergometer for \$149.99.

"What we are doing is upgrading the mix to meet with a more sophisticated shopper," says a Caldor source. "The buzzwords are ergometer, calorie burner meters and pulse monitors. People want features."

Sears has decided to court the exercise shopper in a big way. Its catalog now devotes over 15 pages to equipment including house labels and nationally known brands.

Despite the inroads mass outlets have made, the real growth is coming from the specialty stores such as Herman's. Says Dawn Lange of Precor, a sister company to West Bend, "Serious shoppers are willing to pay for quality and features such as lap timers."

The specialty concept has been so successful, a wholesale club sporting-goods outlet called SportsClub recently opened in Los Angeles.

Then, too, direct-mail catalogs are enjoying a surge in sales, es-

**VENDORS MUST OFFER A FULL ARRAY OF MERCHANDISE.  
RETAILERS MUST DEVOTE MORE SQUARE FOOTAGE.**



pecially since these catalogs are mailed directly to the primary buyer—an affluent customer. The Sharper Image, for instance, just started carrying exercise items within the last year. Its February catalog features 10 different exercise items ranging from a \$1,425 Lifesycle to a \$159 TSX1 cable workout.

Another cataloger, The Sporting Edge, also offers 10 different exercisers such as an aerobic stair-climber for \$119.95. Ac-

cording to company president Dennis Binkley, catalogers have the advantage of easy at-home delivery, selection and price.

"We've always been willing to be on the cutting edge by taking risks retailers won't," offers Binkley.

With the exercise staple—the stationary bicycle—nearing at peak at 3.2 million units, retailers are casting votes for new trends. Exercises, says K mart's dmm sporting goods Wayne Sales, go

through fads. As examples, joggers were hot two years ago; inverted gravity boots thrived after Richard Gere hung batlike in "American Gigolo."

Sebastian Di Casoli of the Sporting Goods Manufacturers Association sees sales quickening for rowers, a \$207 million category.

Lange at Precor agrees. "People are finding it works the entire body instead of just the legs. The same is true of treadmills."

## AEROBICS SPUR ANKLE/WRIST WEIGHTS SALES

Now that the exercise bicycle has become a staple, shoppers are looking for more sophisticated items such as rowers and ancillary exercise items including ankle and wrist weights.

That is according to a recent *Chain Store Age/Better Homes & Gardens* poll of 428 households.

Many more homes now have exercise bicycles over a similar study conducted in 1983. At that time, 19.8% of those surveyed owned a bike vs. the 32.7% currently possessing one, an increase of 65%.

Not surprisingly, the percentage of households extremely interested to buy dropped from 6.1% in 1983 to 4.2%.

But buying intentions have surged in rowing machines, barbells, ankle/wrist weights and home gym systems.

The most dramatic gain is in intent to buy a rower. According to the National Sporting Goods Association, rowers are gaining in popularity because of the degree of cardiovascular and aerobic benefits. Sales, the association says, soared 65% from 1984 to 1985.

The outlook is for continued growth, says the *CSA/BH&G* research. Almost 5.5% of those answering the survey are extreme-

| Fitness boom still pumping             |                        |                                   |                        |                                   |
|----------------------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------|
|                                        | 1983<br>Already<br>own | Ex-<br>tremely<br>inter-<br>ested | 1985<br>Already<br>own | Ex-<br>tremely<br>inter-<br>ested |
| Exercise<br>bicycle                    | 19.8%                  | 6.1%                              | 32.7%                  | 4.2%                              |
| Rowing<br>machine                      | 2.3                    | 1.6                               | 8.6                    | 5.4                               |
| Barbells                               | 10.3                   | 3.3                               | 24.1                   | 1.6                               |
| Dumbbells                              | 12.0                   | 2.0                               | 25.0                   | 2.1                               |
| Weight<br>bench                        | 11.3                   | 2.3                               | 23.1                   | 2.6                               |
| Jogger/<br>Trampoline                  | 6.2                    | 5.9                               | 17.3                   | 2.1                               |
| Ankle/wrist<br>weights                 | 3.4                    | 2.3                               | 13.3                   | 4.3                               |
| Jump rope                              | 42.5                   | 1.4                               | 41.8                   | 1.2                               |
| Hand grips                             | 18.1                   | 1.1                               | 19.2                   | 3.7                               |
| Treadmill<br>exerciser                 | 0.2                    | 3.0                               | 1.6                    | 3.5                               |
| Padded<br>exercise<br>mat              | 36.3                   | 13.5                              | 13.3                   | 3.1                               |
| Hanging<br>gravity<br>boots<br>and bar | 1.1                    | 2.0                               | 1.2                    | 0.5                               |
| Home gym<br>system                     | 2.3                    | 4.3                               | 2.3                    | 3.3                               |

N/S = Not studied

Source: *Chain Store Age/Better Homes & Gardens*

ly interested to purchase, up from 1.6% three years ago. Some homes have already acquired rowers, that percentage climbed from 2.3% in 1983 to 8.6%.

With average prices hovering around \$135, the rower is a wel-

come addition to the mix. The shopper most likely to desire a rower, according to *CSA/BH&G* statistics is 18 to 34 and has children.

Both the interest to buy and ownership of ankle/wrist weights jumped and much of that increase can be attributed to consumer interest in aerobics, walking and jogging. AMF's Heavy Hands, which debuted in 1983, account for much of the interest in the category, according to FIND/SVP research. Almost 5% of the panel are extremely interested in buying, up from 2% in 1983. And, 18.5% of homes already own some kind of weights, up dramatically over the 8.4% who owned in 1983.

Hand, wrist and ankle weights, which vary in price from \$7 to \$40, are sold primarily through discount stores. In fact, NSGA says discounters sold 36% of the three million units sold in 1985.

These items tend to have more universal appeal than other exercisers with the demographics of those extremely interested divided almost evenly among the age groups.

Consumer plans to buy other free weights such as barbells and dumbbells increased only mar-

**NOW THAT EXERCISE BIKES ARE A STAPLE, SHOPPERS LOOK FOR MORE SOPHISTICATED ITEMS.**

ginally. Ownership, however, rose in both. Almost 25% currently own barbells, up from 16.8; 25% have dumbbells, up from 12%. These easy-to-use and familiar items are often favored by an older audience.

The real sophisticated at-home exerciser is trading up to home gym systems similar to those they have used at health clubs. There has been a 20% increase in sales of these systems which retail between \$200 to \$1,000. Al-

though intent to buy rose from 4.5% in 1983 to 6.5% in the latest study, the homes responding they already own dropped from 3.2% to 2.8%.

Although ownership of weight benches, jogger/trampolines and treadmills has swelled, consumer interest has waned. Intentions to buy joggers, for example, sunk from almost 6% in 1983 to 2.1%. Retailers blame that on the fact joggers were a fad. What's more, the average price of these mini-

trampolines has declined, according to FIND/SVP, from \$47 in 1983 to \$32 in recent years.

On the whole, retailers upgrading the mix to include exercisers with features are headed in the right direction. The typical shopper for at home goods is young and affluent (earning over \$35,000 per year) with children in the household. This suggests the shopper is trying to recreate a health club under his or her own roof.

## HOME HEALTH CARE MARKET SHOWS CONSIDERABLE GROWTH

**F**or years the word on digital thermometers has been: sales will really soar when prices sink below \$10.

The average price of a digital thermometer has plummeted over the years from as high as \$20 to today's average of \$5. And consumer intention to buy has escalated as prices dropped.

Almost 18% of a recent *Chain Store Age/Better Homes & Gardens* survey of households are extremely interested in buying one of these easy-to-use thermometers. In fact, it is estimated over five million units were sold last year, up from only one million in 1984.

Additionally, 18% of the sample already own a digital thermometer. Contrast that to a similar *CSA/BH&G* study in 1983 when only 4.3% owned and 6.6% were extremely interested.

It is not the only category promising growth. Intent to buy blood pressure monitors, hand or foot massagers, vaporizers, humidifiers, digital scales and air purifiers is also on the rise.

Not surprisingly, those most interested in blood pressure monitors are over 35; those wanting digital thermometers most likely have children. Families motivated to buy other items,

| Interest to buy home health care |                     |                         |                     |                         |
|----------------------------------|---------------------|-------------------------|---------------------|-------------------------|
|                                  | 1983<br>Already own | Extremely<br>interested | 1985<br>Already own | Extremely<br>interested |
| Blood pressure monitor           | 18.3%               | 6.7%                    | 15.2%               | 6.1%                    |
| Hand or foot massager            | 12.0                | 3.6                     | 19.6                | 5.6                     |
| Humidifier                       | 27.7                | 4.3                     | 43.6                | 8.3                     |
| Vaporizer                        | 42.5                | 1.1                     | 47.0                | 2.8                     |
| Heating pad                      | 40.8                | 7.0                     | 45.1                | 6.6                     |
| Digital thermometer              | 61.2                | 3.9                     | 70.8                | 4.7                     |
| Digital scale                    | 4.3                 | 3.3                     | 18.7                | 17.1                    |
| Air purifier                     | 8.6                 | 6.4                     | 18.0                | 17.3                    |
| Air purifier                     | 18.2                | 2.3                     | 15.6                | 18.2                    |

Source: Chain Store Age/Better Homes & Gardens

such as a humidifier or heating pad, appear to be young households just setting up homes.

Intent to buy digital scales also swelled and buyers attributed that to the consumer's demand to have exact weight readings.

Although intent to buy is up significantly from 1983, a few categories slacked off since a similar study in 1985. In that report, 9.5% were very motivated to buy a hand or foot massager but that is down now to 5.6%.

A few suppliers hint buying intentions may be off because people are not aware of these items. "Retailers who have them, hide

them in the stores and don't promote them," laments Sharp sales manager for medical, Tony Bernardo.

Only a handful of mass retailers have courted the business. Suppliers point to Lechmere, Bradlees and K mart as those most willing to take a stab.

K mart put plans for a lucite, pilfer-free home health care display on hold. But Bradlees has decided to make a statement by pulling together blood pressure kits, ovulators, thermometers and other health related items into a health care department, often housed on endcaps.

**PRICE POINTS PLUMMET AND CUSTOMER INTEREST RISES: RETAILERS NEED STRONGER MERCHANDISING METHODS.**

## January records 11% sales uptick

January closed out the books on 1986 on a positive note. The 15 retail companies tracked by *Chain Store Age* recorded a combined 11% sales gain for the month. They ended the year 10.2% ahead of 1985.

Sales totals for the last month of the fiscal year, however, are notoriously difficult to interpret. Big sales gains can easily be read as signs of January markdowns to reduce bloated after-holiday inventory. They just as easily can be interpreted as profitable gains.

Yet January did offer some encouraging signs. For the second month in a row, and for the third out of the last four months, sales gains were ahead of year-to-date totals. The figures offer at least some hope that 1987 will pull ahead of last year's modest increases.

One factor arguing for a stronger year in 1987 was that January paychecks were noticeably larger for most taxpayers. Last year's tax reform act reduced withholding rates and can be expected to pay off at the cash register.

But due to a new, complicated W-4 form, many families are now underwithholding. Changes in the controversial form are in the works, but it probably will be fall before the average taxpayer will be called to pay the piper.

Until then, it is expected that most families will spend their windfall. Discount stores, in particular, are the predicted beneficiaries.

Discount stores were one of January's—and all of last year's—top sales performers. K mart reported sales up 12.6% for the month, and ended the year 7.9% ahead. Same-store results increased 7.4% for January.

Once again, Wal-Mart led the discount field, posting a 45% overall sales hike for the month, and a 16% comparable-store increase. The Bentonville, Ark.-based chain, which now operates stores in 23 states, finished the year with a 41% jump in volume. Wal-Mart is predicting comparable-store sales will be in the high-single digit or low double-digit range in 1987. Same-store results in 1986 were up 13%.

Some of the upscale discount stores, however, fared less well. Bradlees reported January volume up only 4% overall, with comparable

## Fiscal year ends on an up note

| Major chains                 | % change      | January sales*     |                    | Stores   |          | 12-mo. sales*        |                      | % change      |
|------------------------------|---------------|--------------------|--------------------|----------|----------|----------------------|----------------------|---------------|
|                              |               | 1986               | 1985               | 1986     | 1985     | 1986                 | 1985                 |               |
| Sears <sup>1,2</sup>         | + 3.0         | \$1,596,000        | \$1,549,400        | 806      | 799      | \$26,047,600         | \$25,371,100         | + 2.7         |
| Penney <sup>1</sup>          | - 2.5         | 666,000            | 683,000            | 1,875    | 1,911    | 13,206,000           | 12,648,000           | + 4.4         |
| Ward <sup>1</sup>            | + 9.2         | 248,728            | 227,747            | 293      | 307      | 4,286,408            | 4,196,935            | + 2.2         |
| Dayton Hudson <sup>1</sup>   | + 9.3         | 492,900            | 450,800            | 476      | 1,208    | 9,050,000            | 8,050,000            | + 12.4        |
| Federated <sup>1</sup>       | + 1.9         | 453,100            | 444,800            | 504      | 477      | 8,466,200            | 8,087,900            | + 4.7         |
| May Dept. Stores             | + 11.3        | 530,100            | 476,200            | 2,766    | 2,400    | 10,284,300           | 9,370,900            | + 9.7         |
| Carter Hawley Hale           | + 7.1         | 208,200            | 194,300            | 303      | 299      | 4,089,800            | 3,867,200            | + 5.8         |
| Mercantile                   | + 5.4         | 100,732            | 95,602             | 82       | 80       | 2,022,736            | 1,879,669            | + 7.6         |
| K mart <sup>3</sup>          | + 12.6        | 1,348,500          | 1,197,400          | 2,086    | 2,180    | 23,239,100           | 21,534,900           | + 7.9         |
| Wal-Mart                     | + 45.2        | 884,000            | 609,000            | 1,029    | 882      | 11,917,000           | 8,451,000            | + 40.9        |
| Zayre                        | + 33.5        | 265,298            | 198,786            | 1,092    | 985      | 5,304,385            | 4,043,895            | + 31.2        |
| Bradlees                     | + 3.7         | 84,000             | 81,000             | 162      | 158      | 1,873,000            | 1,618,000            | + 15.8        |
| Tandy                        | + 13.0        | 267,153            | 236,511            | N/A      | N/A      | 3,482,670            | 2,997,356            | + 16.2        |
| Circuit City                 | + 34.8        | 85,700             | 63,600             | 87       | 113      | 1,028,100            | 689,400              | + 49.1        |
| Federated Group              | + 1.1         | 27,700             | 27,400             | 65       | 59       | 437,600              | 355,900              | + 23.6        |
| <b>Totals &amp; Averages</b> | <b>+ 11.0</b> | <b>\$7,258,111</b> | <b>\$6,535,546</b> | <b>—</b> | <b>—</b> | <b>\$124,774,909</b> | <b>\$113,161,055</b> | <b>+ 10.2</b> |

\*000 omitted

N.C. no change

N.A. not available

Store number for full-line outlets only

Domestic operations only

Continuing operations only

Excludes supermarket sales

Store number for K mart stores only

store results increasing but 1%.

Commenting on the weak January results, Stop & Shop chairman/ceo Avram J. Goldberg said, "Bradlees small comparable store increase during January was largely due to unfavorable weather throughout our operating area."

The double round of snow storms that hit East Coast retailers in January, however, seem to have bypassed May Dept. Stores' Caldor discount division. Caldor's posted an 11.6% increase for the month, with same-store results gaining 7.3%.

The explanation for the apparent difference is that Caldor's was probably comparing to a weaker month a year ago. Comparable store figures for Caldor ended the year only 0.7% ahead of 1986.

Montgomery Ward finished the year on its own upward spiral. January volume was ahead 9.2% and the once struggling retailer ended the 52 week period with sales up 2.2% from 1985. Ward reported the largest increases for January came from electronics, home, automotive and appliance areas.

Most of the electronics specialists ended the year on an up note, too. Richmond, Va.-based Circuit City finished its first ever year with sales volume topping \$1 billion. Radio Shack operator Tandy ended 1986 with volume for January up by 13% and ahead 16.2% for the year.

The news was less encouraging for City of Commerce, Calif.-based The Federated Group. Sales gained only 1% for the month and finished 1986 21.6% above last year.

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Housewares: glassware, clocks, ha- C5150-7  
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# Chain Store Age

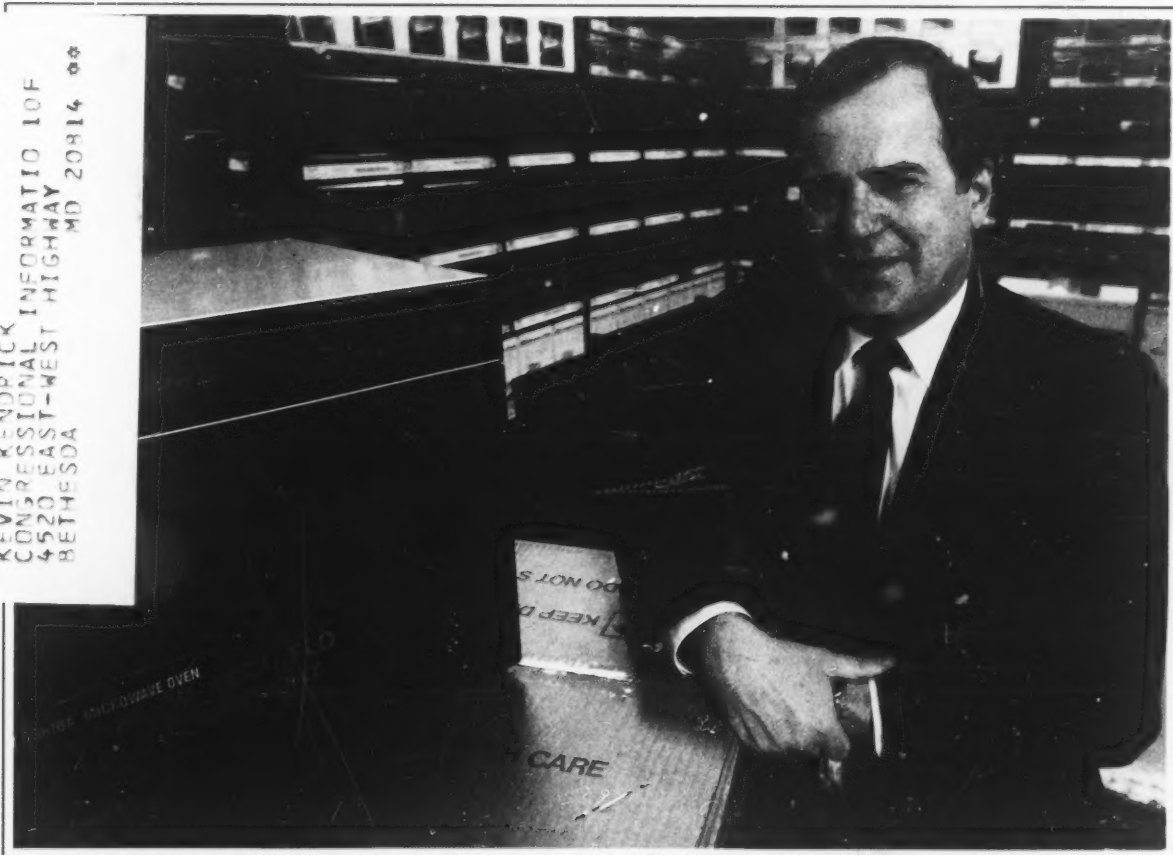
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## CE and housewares slowdown in sight

**H**ardlines inventory levels might prove difficult to contain this year. According to the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll, the best year-to-year sales comparisons could already be over.

Families in the MarkeTrends survey are beginning to rein in their

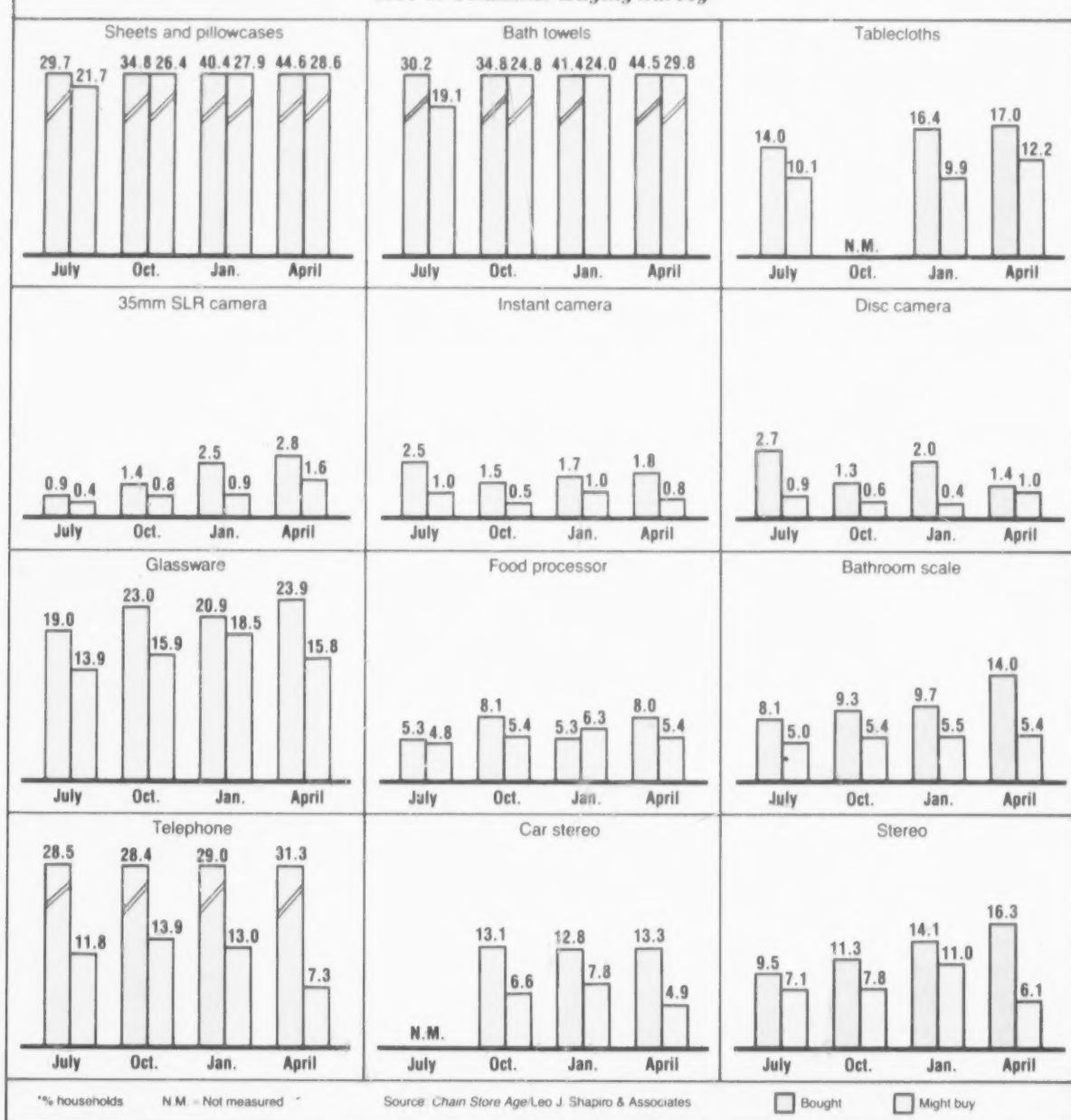
buying plans. If retail buyers plan for increases in the latter part of the year equal to ones racked up in the first few months, inventories—and profits—could be the victim.

Up until the April poll, MarkeTrends families looked willing to continue their spendthrift ways, despite high personal debt levels.

With the bills now rolling in, however, they are giving their spending plans a second look.

"Retailers might be surprised at how the year unfolds," agrees James Newton, president of Delaware, Ohio-based Economic Perspectives. "While the conventional wisdom suggests that retail sales growth will start off slowly and build as the year progresses, it is more likely that the opposite will be true."

1986-87 Consumer Buying Survey\*



One reason for the effect, Newton says, is the impact new tax laws had on late 1986 consumer spending. The law exaggerated results for many retailers of nonautomotive merchandise, he says. "This means that retailers will have to watch inventories even more closely during 1987 than last year to be highly profitable," Newton says, "since the best growth rates of 1987 will come early in the year when sales volumes are low."

Newton's retail forecast by store type shows that the first half will still offer relatively high year-over-year growth rates for durable goods retailers, such as furniture stores, consumer electronics stores and home centers.

"People didn't run out late last year and buy all of their big ticket durable goods before the end of sales tax deductibility," Newton says.

After the first half of the year, the Economic Perspectives president predicts that sales growth for big ticket durables will begin to fade as consumers reduce their high debt levels. On the other hand, Newton sees a number of nondurable goods retailers recording favorable sales growth throughout the year.

For 7 out of the 12 merchandise categories tracked in this month's MarkeTrends survey, families are reporting leaner buyer intentions than they did just three months ago.

Some of the biggest downturns are coming from home electronics products. In the latest poll, 45% fewer families say that they expect to buy a stereo compared to the January reading. Forty-four per cent fewer households expect to buy a telephone, and 37% less a car stereo.

Each of the electronics products illustrates the trap being set for buying plans that assume the year's early results will continue to the end. In the first three months of 1987, stereos recorded a 16% sales increase. Telephones posted an 8% sales uptick, and car stereos 4%.

Similar patterns can be seen in bathroom scales, food processors, glassware and instant cameras. All four recorded sales gains in the year's first months, but show drop offs in buying plans for the rest of 1987.

Apparently immune to the customer's trimmed back buying plans are the domestics categories tracked in this month's survey.

Sheets, pillowcases, bath towels and tablecloths are recording both higher sales over the last three months and stronger buying intentions for the rest of the year.

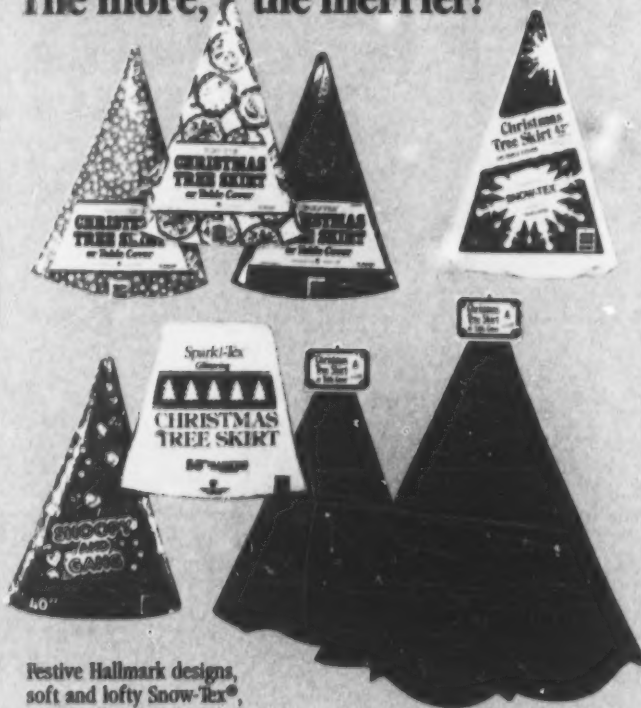
Also showing a healthy increase are single lens reflex cameras. But the numbers beg for caution. MarkeTrends families have proved themselves in past surveys to be remarkably inept when it comes to

distinguishing SLRs from lens shutter cameras.

Indeed, the current poll shows a sales increase for SLRs over the last year. In reality, SLR volume was down by about 200,000 units in 1986. A more prudent reading of the survey's results would indicate an uptick in customer interest for cameras in general and 35mm in particular. □

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## WHAT WILL MOVE PORTABLE HEADPHONE AUDIO

Price, price and price. Color, brand name and store selection play second fiddle to the No. 1 consumer concern. Long warranty periods are also rated as "very important."



*More than one-third of those polled own at least one headphone stereo and 6.3% own three or more.*

**C**olor them some bright fashion hue. Tout a brand name. Pitch the store. The result will be the same. None of these strategies will bring new life to portable headphone audio. What will work? Price. What else? Maybe warranty.

These are some of the results of an exclusive *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends study of portable headset audio. The nationwide telephone survey of 450 families, selected at random, confirms the difficulties ahead for the once fast growing category.

More than one-third of the MarkeTrends families report that they already own at least one headphone stereo. In the average household there are 1.7. A full 6.3% of the families in the poll report owning three or more.

And that might be the problem. New features and new colors for portable headphone audio seem to

be falling on deaf ears. Only 1.6% of the MarkeTrends families say they definitely will buy a new one this year, while 75.6% report they definitely will not.

Gone are the days of burgeoning sales and heady sales projections. In 1986 factory unit sales of headset audio leaped ahead 22%, according to the Electronics Industries Association (EIA). This year sales gains will slow to a 7% pace, according to EIA projections.

To rekindle customer interest, vendors have pulled out just about every strategy from the marketing bag of tricks, but to little avail—unless staving off a decrease is counted as a success.

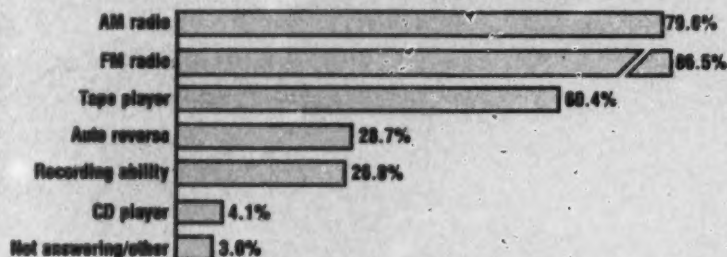
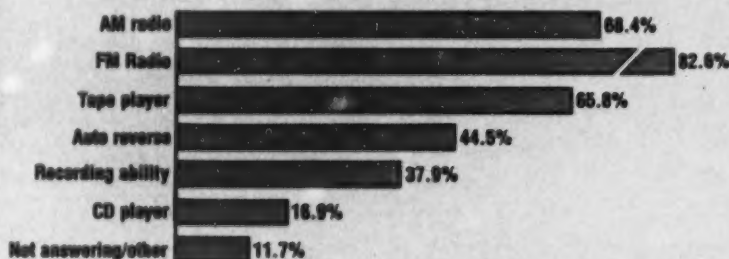
Color has sparked customer interest in other electronics categories, but for headset audio new hues are falling flat. Asked how important color is in their buying decision, the MarkeTrends families respond: not too important.

On a scale ranging from 1 to 10, with 1 being "not at all important" to 10 as "very important," customers in the poll give color a lowly 3.6 average rank. Over one-third of the respondents rate color as "not at all important."

The retailer's reputation is only slightly more convincing when the customer figures which headset stereo to buy. The store gets an average rank of 4.5, with 18% saying the store's reputation is not very important at all. Only 9% think the store is a very important factor in the buying equation for portable headset audio.

At first glance, brand name looks like the way to grab the customer's interest. In the MarkeTrends poll, 23% say that brand name is a very important criterion in choosing which headphone audio set to buy. Only 9% report that the nameplate plays no importance in their buying equation.



*What customers already have . . .**. . . and what they want the next time*

Source: Chain Store Age/Leo J. Shapiro &amp; Associates

But customers might be overstating the true importance of brands. If the same question is asked in another way, the results are surprisingly different.

To test brand loyalty, Marketrends families first were asked what brand of headset audio unit they last bought. Then the same households were asked what brand they expected to buy the next time out. The results indicate that there is actually little brand loyalty in the marketplace.

Only Sony's Walkman is able to take more than half of its current market the second time out. Sixty per cent of current Sony owners say that they will buy a Walkman the next time, too.

As tepid as Sony's brand loyalty may be, it beats the rest of the field. Only about one-third of General Electric owners report that they will seek out the G.E. nameplate for their next purchase. About one-fourth of Panasonic's current customers expect to buy that brand again. Some 20% of Sears private-label customers will buy from the

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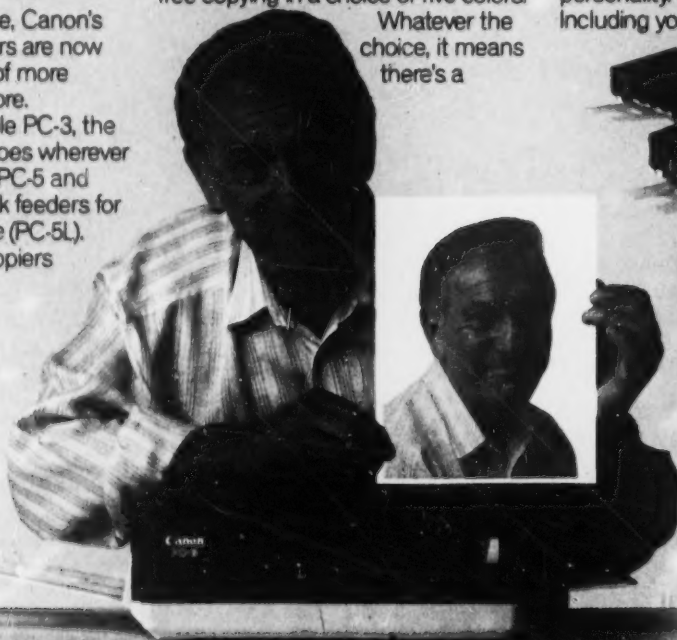
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cataloger next time.

**What will work?** Price, price and price. Almost half (48.6%) of the MarkeTrends families say that price is "very important" in choosing which headphone audio set to buy. Fewer than 1 in 20 households in the survey report that price is no object.

**What else will work?** A long warranty might do the trick for some customers. Nearly 2 out of 5 families—second only to the number who cite price—rate warranty length of high importance when they choose a particular headphone audio set to buy.

The combination of a price driven market, along with weak brand loyalty, opens the door for successful private-label programs, as well as openings for off brands. For both, the key to success, the MarkeTrends poll suggests, would be hefty warranties.

Sears, for one, is living, breathing proof that private label is a viable way to go in portable headphone audio. While it has rushed into name brands in some other categories,

## Features tell another story

In one important sense—sales—portable headphone audio has reached maturity. Only 1.6% of families in the *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey say that they definitely will buy a headset audio unit this year.

Features, however, are another story. Unlike most mature categories, where the customer has settled into some fairly predictable patterns, the customer for headphone audio is still willing to toy with new features.

For one, the next headset audio unit he—or more appropriately, she—expects to buy is four times more likely to include a compact disc player than is the current models she owns. About 1 in 17 families in the MarkeTrends poll says that their next headphone stereo will include a CD player.

Other features growing in popularity: auto reverse, recording ability and tape players.

Sears has stuck almost entirely with private label in headset audio. The result: Sears sells about 9% of all the headset audio units in the United States.

The nation's biggest retailer of headset audio, however, is its biggest discounter. K mart, according to the MarkeTrends survey, sells

about 11% of all units in the country and outperforms every other single retailer. In total, discount stores take exactly one-third of all sales, the poll indicates.

Audio and electronics stores follow with 20% of unit sales. Next are catalog showrooms, which take a 12% share. □

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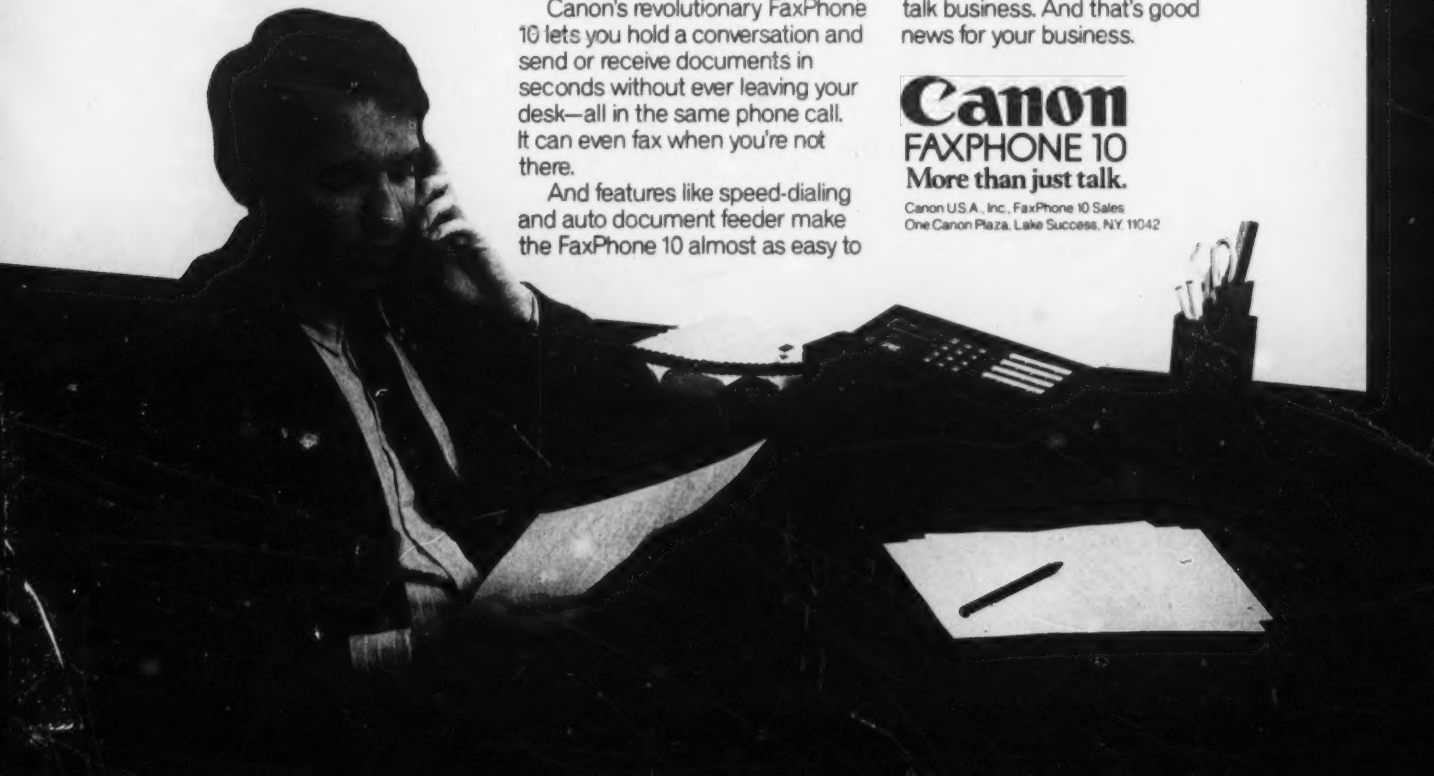
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# DISCOUNTERS NEED AN IMAGE CHANGE IN GLASSWARE

Discounters are losing ground, and department and specialty stores are gobbling it up. Shoppers do not think discounters have the products and looks they want.

**S**ome nicks and chips are appearing on the discounter side of the glassware market, according to the latest *Chain Store Age* MarketTrends survey. Meanwhile, department stores are drawing strong interest from glassware shoppers of various income levels.

The shift could be significant, since the study also showed that the department store glassware shopper has price expectations and product preferences that differ from the average.

The differences cannot be credited simply to affluence, since households earning between \$15,000 and \$20,000 are among those attracted to department store glassware.

When respondents were asked where they would go to buy their next glassware, discount stores appeared on the shopping maps of 23%. That is a sharp drop from June 1986, when a previous MarketTrends study found 34% of households ready to head for discount stores.

The recent survey showed department stores earning 30% of the store preference votes, compared with 26.6% 10 months earlier. Also picking up some of the discounters' slack were the Sears-Penney-Ward combination. The Big 3 drew 10.6% of the mentions, compared to 4.3% last June.

Specialty stores gained, too, rising from 4.3% to 6.2% in consumer purchasing plans.

The latest survey probed deeply into the features consumers prefer in glassware. Results indicate that discount stores may be losing ground because shoppers do not expect them to have the styles and looks they want.

Selections seem to mirror lifestyle trends. As expected, the old reliable 12-oz. beverage glass heads



*Two out of five shoppers are interested in buying stemware.*

shopping lists for a majority of the households polled. About 52% say they would definitely want that kitchen staple the next time they buy glassware.

However, stemware is also attracting significant interest. It was rated as definitely wanted by 21.8% of those polled. That put wine glasses nearly on the same level of desirability as 7-oz. juice glasses, definitely wanted by 27.7%. Iced tea glasses outstripped both, attracting definite interest from 1 out of 3 consumers.

Few respondents, about 2%, had no opinion on the types of glassware wanted.

Mass merchants carry iced tea glasses and stemware, but consumers searching for those items may be missing the message. Until the recent debut of the 4-pack, these

products often appeared on discounters' shelves as part of a boxed multi-item assortment.

Boxes with a little bit of everything still remain popular with many discount chains, where they are often the focus of promotions. Zayre several months ago had a 16-piece glassware ensemble on sale for \$5.88, or about 37¢ a glass.

That is an enticing promotional price. However, most consumers do not want jumbled assortments, the survey found.

Sets are preferred over individual glasses, by a 76% to 21% margin. But sets of glasses in various sizes find favor with less than one-third of those surveyed (30.2%). The majority, 68.1%, want same-size glasses in their ensembles.

As for stemware, it tends to be associated with department stores,



the Big 3 and specialty stores. White wine and consumers have had a romance since the 1970's, but discounters were slow to seize the trend, partly because of breakage concerns.

New packaging systems adopted by mass-oriented vendors such as Anchor Hocking have solved breakage and shelf space problems. However, a marketing exec at one glassware company finds discounters still wary of stemware. According to him, they think that real discount customers don't drink wine.

To some extent, that assumption is correct. Shoppers planning to make their glassware purchases at discount stores show below-average interest in stemware, the survey reveals. Nearly 86% say they will definitely not select stemware when they next purchase glassware. By comparison, only 57.3% of the total sample gives stemware a definite thumbs down.

Correspondingly, those intending to browse in department stores outpace the average in intention to buy stemware. Only 47.8% say that

they will definitely not want it.

All signs point to a chicken-and-egg problem. With discounters failing to make a strong statement in stemware, shoppers looking for wine glasses and such may be detouring past their doors.

That is a sizable portion of the glassware market to lose. In addition to the consumers with definite or probable stemware purchasing intentions, nearly 19% say they may want it. That means 2 out of 5 shoppers have some interest.

Iced tea glasses seem to trigger the same store-preference patterns. Consumers definitely or probably wanting these "coolers" gave their warmest reception to the Big 3 and department stores. Mass merchants generally carry these much-wanted items, but that may not be evident to the consumer. Bulky boxed sets could be obscuring the story.

Discounters may need to re-examine taste level factors. When consumers were asked about the designs, textures and tints they want in glassware, classic sleek lines

came out strong. Painted glass may help differentiate one vendor's line from another, but it also may be shooting right past the customer.

Slightly more than 62% of those polled like their glasses plain, while about 31% prefer a design and 7% had no answer to this question. Stripes are the choice of only 3% of the total sample, while 26.2% say they would want some other design.

In other words, only slightly more than one-quarter of the market wants those rainbow-colored dots, spirals and palm trees that are splashed over so much promotional glass.

On the question of clear vs. tinted glass, clear was preferred by 7 out of 10 respondents, while tinted glass earned slightly less than 23% of the votes, and 5.6% had no opinion.

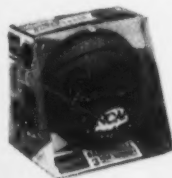
Here again, shoppers sorted themselves out according to the store type most likely to carry the desired product. Those wanting tinted glass tend to have discount stores or the Big 3 in mind.

Smooth glass is the choice of near-

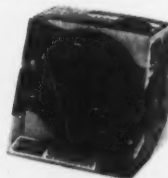
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ly 71% of all households, but a significant 21.5% would like some other texture. Nearly 8% had no answer to this query. Cut or beveled glass is the preference of 14.2%, with 7% wanting some other texture.

A feature attracting strong approval from shoppers across the board is the heavy base. Nearly 54% prefer it in their glassware, with discount store and department store shoppers running about equal in this feature preference.

As discounters lose attraction for potential purchasers, price expectations are on the uptick. As compared with results from the June 1986 MarkeTrends survey, the recent results suggest trade up movement.

The survey 10 months ago found 39% of the sample planning to spend \$10 or less for glassware. By contrast, only 9.9% of respondents to the latest survey named that price range.

Price expectations did not directly vary with the number of items the consumer expected to buy. Most consumers anticipating a tag of \$10



*Forty-eight per cent of those polled expect to pay \$10 to \$49 for glassware.*

or less wanted six or eight items in a set. Those expecting to spend \$50 to \$99 tended to want sets that were only slightly larger, with 9 or 10 glasses. Big spenders do not necessarily expect more volume.

Overall, the largest portion of consumers, 36.7% named 8 or 9 as the number of glasses they would expect to come in a set.

The largest concentration plan to pay \$10 to \$49 for the glassware they want, but a significant number are braced for bigger tickets. Falling into the \$50 to \$99 price expectation range were 7.7%, while 11.2% plan to shell out more than \$100. A large portion of respondents, 22.8%, had no answer to the question. □

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## CONSUMERS WARM UP TO BEDSPREADS

Comforters, once seen as a dire threat to bedspreads, apparently learned their place: under the spread. Spreads have come back with quilting and free-form fits.



*Machine washability was considered crucial; 63.1% rated it a score of 9.*

**T**he "unmade bed," so vogueish several years ago, seems to have lost its appeal. Consumers are back to tucking sheets into hospital corners and topping them off with a bedspread.

That is the conclusion of a *Chain Store Age* Marketrends survey revealing that nearly 9 out of 10 of all households currently use a bedspread on at least one bed. Comforters, once seen as a dire threat to the category, apparently have learned their place: under the spread.

According to retailers, bedspreads began their revival in 1985, when sales were judged fair to good. Marketrends research points to a continuation of moderate but steady growth.

Nearly 6% of all households polled have definite plans of pur-

chasing a bedspread in the next 12 months. In addition, close to 14% rate their chances of a next-year purchase as probable, and 28% more give it a "maybe."

That leaves a minority of consumers, 46%, dead-set against the idea of a new bedspread in the coming year, while 6.4% had no answer to this question.

Though challenged by the country look—with comforter plus shams and bed ruffle adding up to a finished look—the bedspread managed to rebound. The trick is that it came back in an altered form, with quilting and free-form fit upstaging the old woven standard.

Survey results show that the updated bedspread has made all the difference, with consumers hungry for more of the new look. Moreover, the changes appear to have added

perceived value.

To get the bedspread they want, 15% of all consumers expect to pay more than \$100. That kind of anticipation would have been unlikely years ago, when bedspreads were likely to be skimpy chenilles.

Price expectations are even higher for consumers with definite plans to purchase the item in the next 12 months. Most are looking for the higher-priced spread; 1 out of 5 expect the tab to top \$100. In fact, most of this active-market group's members are prepared to spend \$125-plus.

In most cases, that price is calculated with a full-size bedspread in mind. Asked what size bedspread they would look for, 2 out of 5 consumers specified full. Nearly one-third (32.3%) named queen, while king

got a surprising 24% of the mentions. The size least likely to be named was twin, cited by 14.5%.

King attracts even more intense interest from the group with definite next-year buying intention. About one-third of these consumers say they would be looking for a bedspread in king size.

Respondents were asked to rate the importance of four bedspread features on a scale from 1 to 9, with 9 signifying "very important" and 1 meaning "not at all important." Features measured were appearance, machine washability, ease of handling and warmth.

Some bedspread vendors have wondered if bedspreads are bought for their comforter-like qualities. The popularity of quilted spreads has given rise to some speculation about whether they are kept on the

**Which of these features  
would you want in your  
next bedspread?\***

| Texture             |       |
|---------------------|-------|
| Quilted             | 85.8% |
| Not quilted         | 29.9% |
| Not answering       | 5.1%  |
| Fabric              |       |
| Cotton/cotton blend | 79.8% |
| Silk/silk-like      | 10.1% |
| Velvet              | 4.3%  |
| Chintz              | 2.9%  |
| Not answering       | 3.7%  |
| Fit                 |       |
| Loose               | 65.8% |
| Tailored            | 25.5% |
| Very tight          | 3.9%  |
| Not answering       | 4.7%  |

\*Base: All respondents  
Source: Chain Store Age/Leo J. Shapiro & Associates

bed all night.

That seems likely, but only in a minority of households. Of all features evaluated, the warmth provided by the bedspread received the lowest importance rating, with an average score of 6.42 on the 0 to 9 spectrum.

However, 2 out of 5 consumers rated warmth as highly important, meaning that it is a factor to be considered for packaging and ad copy. Respondents granting warmth the highest possible rating were offset by the 13.1% giving it the lowest mark.

The votes on the ease of handling issue were not spread nearly as wide, but a large portion of consumers gave it a lukewarm 5 or 7 rating. As a result, its average score on the importance scale was 7.29. Fewer than half the sample, 45.9%, considered handling ease very important. This feature came in third of the four features evaluated.

Machine washability was considered more crucial, with 63.1% dealing it a score of 9. Very few respondents, 3%, called it not at all important, and the average score was 8.03.

Yet not all bedspreads can survive a trip through the washing machine. Dakotah, maker of high-end quilted bedspreads, requires dry cleaning for most of its products.

But Dakotah bedspreads, most of which are made to order, are strong in the looks department. And appearance matters most of all, the survey found. It earned an average importance score of 8.38, with 7 out

of 10 respondents giving it the highest rating.

The desired look is likely to be a pattern. A slight majority of those surveyed, 51.8%, prefer patterns over solids. Those choosing solid colors showed a strong inclination toward blue, which won more than one-third of all color mentions.

Quilted spreads emerged victorious over wovens by a wide margin. Sixty-five per cent of consumers would choose quilting for their next bedspread, compared with about 30% who would not. Five per cent have no opinion.

Cotton and cotton blends trounced other fabrics, earning nearly 4 out of 5 votes. Chintz has been mentioned in the industry as an emerging fabric of importance, but it was cited as a favorite only 3%

29.3% of households, giving it a slight edge over the other styles mentioned. In second place was contemporary, mentioned by 27.5%, and country came next with 21.4%. Colonial was the preferred style of 14.6%, and 7.2% had no preference.

Both country and traditional describe the Laura Ashley-type look that has scored a hit in both upscale and mass market interpretations. Contemporary, of course, is something else, and when the total sample was questioned on the style issue, contemporary did win the No. 2 spot.

But a closer look at the data reveals that shoppers with little intention of making a next-year purchase skewed the results. They showed an above-average tendency to cite the contemporary style.



*The warmth provided by a bedspread received the lowest importance rating.*

of the time.

On the other hand, silk and silk-like fabrics, also observed to be upcoming contenders, showed definite strength. They snared 13% of the fabric mentions. Velvet would be the choice of 4% of the sample, while another 4% had no answer to the fabric question.

Loose fit is obviously the fashion of the day, appealing to nearly 64% of bedspread shoppers. That compares with the one-fourth who prefer a tailored fit.

The preference for quilting and looseness prove that bedspreads have risen to the "unmade bed" challenge by mimicking the look of comforters. Further proof is provided by the results on the style question.

Traditional was the choice of

Bedspreads are merchandised either with draperies or with sheets and other bed linens. Some retailers have noted that sales seem stronger in the drapery department. The survey bears this out: 43.1% of all those surveyed said they would want their bedspread to coordinate with their drapes. Thus it makes sense to display the two products together.

Asked where they would go to buy their next bedspread, consumers voiced strong support for Sears and J. C. Penney, which earned 15.5% and 11.5% of the votes, respectively. That put these two members of the Big 3 slightly ahead of department stores, which were mentioned by 27.7% of the sample.

Discounters attracted 17.1% of the store preference votes. □



Once a stepchild in the store, clocks now have a home of their own. But, retailers still say it is tricky striking the right balance between function and fashion.

## Clocks find a home of their own

**C**locks, a category once scattered throughout the store, now have a home to call their own. Retailers including Fortunoff, Sears and Mars have pulled clocks together in a freestanding area often near housewares or home furnishings.

The result, say suppliers, is a 10% to 15% sales increase in the estimated \$800 million (retail sales including decorative and functional) category. This surge in sales follows several lackluster seasons.

"For too many years, clocks were a stepchild to other categories," laments Bob Krecl, vp marketing for General Time Corp., parent of Westclox and Seth Thomas. "Now retailers are realizing the opportunity and they are making a better statement. In turn, customers are more apt to pick up a clock on impulse or as a gift."

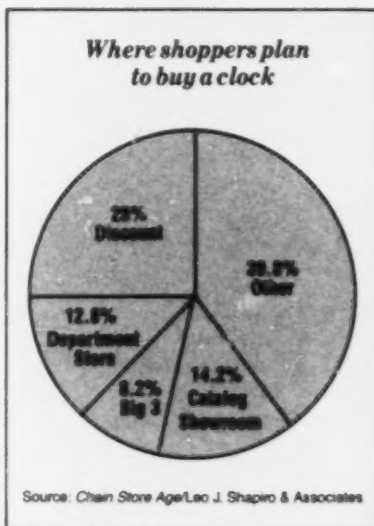
Anthony Rodriguez, vp and general manager for Bulova's Clock and Premium divisions agrees the new emphasis is bolstering sales.

"Retailers used to lump clocks in with different departments all over the store such as lamps, jewelry or housewares. We've found the really good clock accounts are those who now give the department its own area and inventory number."

According to Marvin Feig, sr. vp sales and marketing for Spartus, the best location varies by retail trade class. "For department stores, clocks work well with decorative accessories, but in mass outlets, where clocks usually retail for under \$40, locations near jewelry or home decor work well, too."

But no matter where the department, the common thread, running across the accounts who are judged by vendors to be the best clock merchants, is commitment. An average clock department requires anywhere from 75 to 400 sku's, suppliers say. The superior clock merchants are those willing to make a strong statement.

Fortunoff, for instance, turns over about 1,000 sq. ft. to an array



of 600 clocks. Lechmere devotes a full wall to wall clocks. Sears is making a bigger splash in clocks with the relocation of the department from jewelry to a bona fide home near lamps.

Several other retailers are now following suit. Mars Stores based in North Dighton, Mass., for example, recently relocated and remerchandised the department.

"We merged clocks into one area near housewares," says buyer Richard Heifetz. "Before, we had wall clocks near small appliances, and alarm clocks near jewelry. It is too early to tell the impact, but it is easier for shoppers to find clocks."

This creation of a clock department is welcome news to suppliers who complain clocks—a category yielding margins over 40%—have been given short shrift.

"You used to go into some stores and ask a clerk where clocks were and she wouldn't know," chuckles one supplier.

Yet, the creation of a full-fledged department has not made the category any easier to manage on both the vendor and retailer sides. At Mars, in fact, the melding of the two areas forced Heifetz to cut back his 12-ft. wall-clock department to 8 ft.



*Vendors say an average clock dept. requires anywhere from 75 to 400 sku's.*

to accommodate table and alarm models.

The situation is even more ticklish with the influx of color into the category. "A great deal of retailers are making a total color statement by merchandising everything from colorful garbage pails to clocks together," says Feig. "Color is big."

At General Time, the advent of color has been so successful, according to Krecl, Westclox expanded its boldly colored Sizzlers line. In addition to pink, purple (the fastest seller in color) and fire orange, the company has Softees in pink, lavender and peach.

Although colorful clocks have added a new vibrancy to the department, they have caused merchandising headaches.

"Before we had three color clocks, white, off-white and brown. Now people want clocks to match boom boxes and blow dryers. You try to find space for these sku's,"



says one discounter.

But while colors are taking center stage for kitchens and bedrooms, a return to traditional looks and country styles are being noticed in decorative clocks.

"We are seeing renewed interest in wood clocks and wood trims," confirms a Sears spokesman. Adds, Heifetz, "We will be adjusting our mix to include more country styles."

Country looks—ignited by furniture manufacturers' debut at High Point, N.C., last October of country furniture—are expected to take up the slack in sales of contemporary metallic offerings, say suppliers. "We are seeing more interest in country styles and our traditional, pedulum clocks priced in the \$80 to \$200 range," notes Feig.

Recent research conducted by

*Chain Store Age*/Leo J. Shapiro & Associates underscores the move back to traditional tastes. Over 60% of consumers polled indicated plans to buy a clock encased in wood. □

## Tops enters small appliances

**Reports indicate that Tops' venture into small electrics should prove successful.**

The New York metropolitan area has a new feisty kid on the block in electric housewares: Tops Appliance City.

The two-unit New Jersey electronics-major appliance specialty chain entered the competitive small appliance market this winter with much fanfare and, as one supplier put it, "has moved tons of merchandise."

Early reports indicate that Tops has every right to expect that its foray into electric housewares will be as productive as its venture into another nonelectronics classification, vacuum cleaners. Even before it opened the Secaucus branch late last year, buyer Jeff Schein boasted that Tops' cavernous Edison, N.J., store was the largest one-unit retail floor care merchandiser in the New York metropolitan area.

As it does with vacs, Tops claims to have the largest assortment of small appliances in New Jersey. It supports this broad selection with large full page ads each Friday shouting out both electrics and floor care merchandise at very low prices.

A typical ad recently featured a Sunbeam steam/dry iron with steel body at \$20; Panasonic food processor, \$49; Oster 12-cup coffeemaker with digital timer, \$45; Proctor-Silex 4-slice toaster, \$19; Waring 16-speed blender, \$25; and Wear-Ever cornpopper, \$8.

Tops' rationale for entering the traffic drawing electric housewares market was the same that it had for moving into floor care, Schein said. The store's executives saw a great opportunity in electrics with so many department stores and discount houses de-emphasizing the low margin classification more and more. Tops, they believe, can fill that void, Schein said. □

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## February sales record 13.6% gain

February sales results were unexpectedly above plan for most retailers. The 19 retail companies tracked by *Chain Store Age* recorded a combined 13.6% gain over results from the same month the year before.

Before reading too much optimism into the results, however, many retailers noted that the figures compared to one of 1986's weakest months. In addition, sales were considerably stronger in the first part of the month, and steadily weakened as the reporting period came to a close.

Still, the results raised at least some hopes that 1987 would turn into a better year than analysts are predicting. For the third month in a row, and for the fourth time in the last five months, sales outpaced the rate recorded in the previous 12 months.

Nonetheless, sales were not even across either geographic areas or across merchandise lines. J. C. Penney chairman William Howell reported brisk sales in the East, but weak in economically depressed areas of the Southwest. Howell further noted that the month's largest gains came from women's and men's apparel and soft home furnishings. Same-store volume for Penney was 5.5% ahead of the same period a year ago.

For Sears, the nation's biggest retailer, February brought its highest monthly increase since July 1986. U.S. Merchandising Group sales were ahead 4.8%, just slightly behind the 4.9% rate set by combined domestic and international operations. Sears noted that catalog sales were exceptionally strong. Leading merchandise categories included apparel, home fashions and hardware.

The news at Montgomery Ward was even better. Net sales jumped ahead 11.1% in February, with comparable-store results leaping 12.7%. Strongest gains came from the Home Store and Appliance/Electronics categories, the company said.

May Dept. Stores reported February sales up 15%, with the biggest gain coming from its struggling Caldor discount store chain. Caldor's results were 30.3% ahead of the

## Sales strongest in early February

| Major chains                    | % change      | February sales*    |                    | Stores   |          | 1-mo. sales*       |                    | % change      |
|---------------------------------|---------------|--------------------|--------------------|----------|----------|--------------------|--------------------|---------------|
|                                 |               | 1987               | 1986               | 1987     | 1986     | 1987               | 1986               |               |
| Sears <sup>1,2</sup>            | + 4.8         | \$1,645,700        | \$1,570,500        | 806      | 800      | \$1,645,700        | \$1,570,500        | + 4.8         |
| Penney <sup>1</sup>             | + 5.3         | 780,000            | 741,000            | 1,850    | 1,913    | 780,000            | 741,000            | + 5.3         |
| Ward                            | + 11.1        | 276,043            | 249,043            | 293      | 293      | 276,043            | 249,043            | + 11.1        |
| May Dept. Stores                | + 15.0        | 631,800            | 549,500            | 2,764    | 2,400    | 631,800            | 549,500            | + 15.0        |
| Dayton Hudson                   | + 19.5        | 601,800            | 503,800            | 482      | 1,207    | 601,800            | 503,800            | + 19.5        |
| Federated <sup>1</sup>          | + 7.3         | 549,100            | 511,600            | 505      | 467      | 549,100            | 511,600            | + 7.3         |
| Carter Hawley Hale              | + 7.6         | 240,800            | 223,800            | 304      | 302      | 240,800            | 223,800            | + 7.6         |
| Mercantile                      | + 6.9         | 113,213            | 105,876            | 82       | 80       | 113,213            | 105,876            | + 6.9         |
| Carson Pirie Scott <sup>1</sup> | + 24.0        | 56,000             | 45,178             | 342      | N/A      | 56,000             | 45,178             | + 24.0        |
| K mart <sup>1,3</sup>           | + 13.1        | 1,459,193          | 1,289,635          | 2,204    | 2,180    | 1,459,193          | 1,289,635          | + 13.1        |
| Wal-Mart                        | + 43.9        | 885,000            | 615,000            | 1,058    | 887      | 885,000            | 615,000            | + 43.9        |
| Zayre                           | + 25.7        | 326,992            | 260,203            | 1,099    | 986      | 326,992            | 260,203            | + 25.7        |
| Woolworth <sup>1</sup>          | + 7.1         | 249,000            | 233,000            | N/A      | N/A      | 249,000            | 233,000            | + 7.1         |
| Ames                            | + 30.4        | 113,600            | 87,100             | 463      | 450      | 113,600            | 87,100             | + 30.4        |
| Bradlees                        | + 6.1         | 104,000            | 98,000             | 162      | 157      | 104,000            | 98,000             | + 6.1         |
| Tandy <sup>1</sup>              | + 14.8        | 210,737            | 183,567            | N/A      | N/A      | 210,737            | 183,567            | + 14.8        |
| Circuit City                    | + 33.5        | 67,400             | 50,500             | 87       | 93       | 67,400             | 50,500             | + 33.5        |
| Federated Group                 | - 8.2         | 25,700             | 28,000             | 65       | 59       | 25,700             | 28,000             | - 8.2         |
| Best Buy                        | + 99.0        | 20,700             | 10,400             | 23       | 12       | 20,700             | 10,400             | + 99.0        |
| <b>Totals &amp; Averages</b>    | <b>+ 13.6</b> | <b>\$8,356,778</b> | <b>\$7,355,702</b> | <b>—</b> | <b>—</b> | <b>\$8,356,778</b> | <b>\$7,355,702</b> | <b>+ 13.6</b> |

\*000 omitted. N.C. = no change. N/A = not available.  
<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.  
<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

same period a year ago, as the discount center took extensive markdowns clearing the way to reposition its inventory.

At Dayton Hudson, its Target discount division recorded the best same-store results, gaining 12%, but the real news may have been that Mervyn's could be finding its way out of its recent sales and profit slump. On the sales side at least, the picture at Mervyn's is considerably brighter in February than it has been in recent months. Total sales were up 16% and comparable stores gained 10%.

Lechmere, thanks mainly to new stores in the Southeast, recorded a

53% sales leap for the month, with same-store figures increasing 10%. Dayton Hudson's department stores, which last year led the company in volume gains, recorded a more modest 8% sales increase in February.

The only sales loser of the 19 retail companies tracked in February was City of Commerce, Calif.-based The Federated Group. Volume for the electronics superstore chain was down 8.2% for the month. The Federated Group has been suffering from expansion into economically depressed Texas, as well as the entry of Circuit City into its home market of Los Angeles.

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## TV shopping: 1 in 9 U.S. families buy

Home television shopping has been viewed by 35% of all households, with 1 out of 9, or 4% of all households, participating with an actual purchase.

Those are two of the prime results from a new monthly survey of consumers conducted by Leo J. Shapiro & Associates to be reported in *Chain Store Age*.

The data, compiled in March from 451 households across the U.S., represent a benchmark report on the viewership and use of home television shopping networks.

Viewership appears to be strongest in the East South Central and West South Central states in relation to their population. Viewers are comparable to the population as a whole in terms of income and age. However, they have slightly lower edu-



Source: *Chain Store Age*/Leo J. Shapiro & Associates

cation levels and somewhat larger households.

Though the sample size of buyers is small, the results are consistent with other studies already done by the Shapiro organization. They show that most purchasers (70%) buy more than once, the average purchase is for \$33, and that viewers watch an average of two-three hours each week.

"People get skillful at watching while doing other things because they are looking for an item

they are interested in," says George Rosenbaum, president of the Chicago-based research firm. "They keep the television shopping show on as background with enough attention that they can tune in when needed."

Rosenbaum also observes that television shopping shows may be the last bastion for the "old fashioned sales pitch," and has become a surrogate for in-store personal selling that tells one everything one wants to know about a product.

## Quotable

\*Walter Salmon, professor of retailing, Harvard Business School and director of Zayre Corp. and Carter Hawley Hale, on why boards of directors often are ineffective:

"Because while in theory boards elect ceos, in practice ceos elect boards."

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# HOME OFFICES GET SERIOUS

In only two years, the number of households with home offices has grown by nearly 10%, ownership of electronic typewriters has tripled, and household personal computers have proliferated by 54%.

Even the number of file cabinets is up by 7% as consumers increasingly use their hearthside offices for business rather than personal reasons.

Those are some of the findings of a *Chain Store Age/Better Homes & Gardens* survey of the expanding home office market. The recent poll was conducted last October, following a similar study in 1984. A comparison of results shows that buying intention, as well as ownership, is on the upswing.

Because respondents to the survey are readers of *Better Homes & Gardens* magazine, their demographics differ from those of the average consumer. They are better educated, more affluent, and more likely to own their homes.

Specifically, in the most recent home-office survey, 91% are homeowners, and 61% attended college. Nearly 80% have household incomes of \$25,000 or more, with about 60% topping \$35,000. Almost two-thirds have children living at home.

The demographic profile for the 1984 survey is similar, though the average income was slightly less, perhaps reflecting cost of living differences.

Attitudes toward the home office have changed in the brief period between surveys. Consumers appear to be taking a more serious attitude toward their work-at-home areas.

For one thing, they are far more likely to set an entire room apart for the purpose; the current study shows 62.6% reserving a separate room for the home office, compared with 46.3% in the previous poll.

They are also far more likely to use the work area for business-related matters instead of personal chores. As in 1984, the dominant use of the home office is personal, but strictly-business applications are fast catching up.

Three years ago, 64.2% of those surveyed said primary office use was personal, while 34% cited business. In the latest survey, the ratio shifted to 56.6% personal, 51.1% business.

The most recent survey allowed respondents to list multiple answers to the use question, whereas the 1984 survey did not. However, the results are compa-



*Interest in computers is nearly as high now as it was in 1984.*

able, since only about 8% of the '86 sample gave more than one response. Respondents appear to be clear about their reasons for having a work-at-home area.

Roughly half of all home offices now have a dominant business orientation. Whether that means taking work home from a 9-to-5 job or operating a home-based enterprise, it indicates that the office is associated with income.

The increasingly "strictly business" approach to home offices

has sharpened buying intention for equipment and supplies, which are now viewed as investments.

Attracting the most interest were personal copiers. Nearly 5% of those surveyed are very interested in buying such a machine during the next 12 months, and about 13% more describe themselves as somewhat interested. About 5% already own a personal copier. A significant portion, 13.5%, had no answer to this question, perhaps reflecting unfamiliarity with the product, so new that it was not included in the 3-year-ago survey.

Sales of electronic typewriters should gallop, according to the findings. In the two years between surveys, intention to buy an electronic model jumped nearly 11% among consumers planning a next-year purchase of a typewriter.

Concurrently, interest in electric and manual typewriters dropped by 9% and 7%, respectively.

Owning personal computers were 27.5% of the '86 respondents, compared with 17.8% of the '84 group.

The first survey was conducted during the heyday of the pc. Since then, the excitement has waned.

Yet in the most recent survey, consumers still registered a high level of interest in computers. Slightly more than 12% of the computer-less households intended a next-year purchase of a pc, down just one point from 13.3% in '84.

It must be noted that intention does not always translate into purchases. If 13.3% of '84s potential purchasers had actually bought computers, ownership would have been greater than it was in '86.

However, it is significant that interest was sustained when media hype was withdrawn.

**AS MORE CONSUMERS GENERATE INCOME FROM HOME,  
INTEREST IN SUPPLIES AND EQUIPMENT INCREASES**

About 1 out of 10 consumers say they plan a next-year purchase of a file cabinet. That strong interest may turn out to be even stronger, given the tendency to understate buying interest.

The sample was asked about software, both the number of programs owned and the number slated for purchase in the coming year.

Computer owners who were polled already have a considerable stock of software. The majority, 54.2%, own 6 or more programs, although 17.5% say they have none.

The software-poor pc owners may be the same bunch whose computer is used less than once a month. Slightly more than 18% reported such infrequent usage.

However, most computer-equipped households are putting mileage on their machines. Daily use was the dominant response to the question about use, voiced by 29.2% of those polled. Another 23.3% said their pc is pressed into service at least three times a week. Once-a-week computing is the norm for about 16%.

Those owning or planning to own computers listed a generous menu of peripherals for which

### Where do you buy most of your home office supplies?\*

|                  | 1984  | 1988  | % change |
|------------------|-------|-------|----------|
| Discount store   | 30.8% | 49.6% | + 23     |
| Stationery store | 28.3  | 19.9  | - 30     |
| Department store | 9.8   | 11.9  | + 24     |
| Variety store    | 9.1   | 10.5  | + 15     |
| Drug store       | 10.1  | 8.2   | - 19     |
| Other            | 20.1  | 18.1  | + 24     |

\*Multiple responses permitted.

Source: Chain Store Age/Better Homes & Gardens

they plan to shop in the next 12 months.

With multiple responses permitted, discs dominated the field. They are on the shopping lists of 2 out of 5 households. Printers got nearly the same warm reception.

Slightly less than 23% will be looking for a color monitor, while 16.2% want an external disc drive. Modems will be sought by more than 1 out of 10 pc owners, and 3% intend to purchase a monochrome monitor.

Nearly one-third of those surveyed had no answer to the question about peripherals, perhaps

because the sample included some consumers who do not yet own a computer but intend to buy one soon.

The same group of current and hopeful pc owners was asked about purposes for which the computer is, or would be, used. Multiple responses were permitted.

Record keeping led the field; more than two-thirds listed it as a computer application. Education followed closely, named by 63.5%. Word processing took third place, with 54.5% of the mentions, while games are, or will be, played on 51.5% of the pc's.

A minority of households, 37.1%, use their computers for financial planning, and about 11% named other applications.

Those with children living at home were more likely than the average consumer to list games and education as applications. In the *Chain Store Age/Better Homes and Gardens* survey, households with children had a higher penetration of computers than the average (36.8% vs. 27.5%). Those currently without pc's had above-average interest in buying one soon (14% vs. 12.1%).

## STAPLES JOINS IT ALL TOGETHER

The paperless office never happened. Too bad for small businesses, which pay the most for paper.

To the rescue: Staples Inc., dedicated to the proliferation of paper. And pens. And file folders. Those office basics are among the 5,000 sku's offered at an average 50% discount in the company's stationery cash-and-carry superstores.

Staples searches for sites having at least 7,000 small firms within a 25-mile radius.

The original Staples store, a former supermarket, is 14,000 square feet, but the company

prefers 18,000 square feet. The newest unit opened last month in Providence, R.I., not far from its two predecessors in the Boston suburbs.

That makes three stores opened in the company's first year, a pace soon to shift into hyper-gear, as the Massachusetts-based firm aims for 20 stores by early '89. Its \$4.4 million in seed capital was recently boosted by second round financing totalling \$14.7 million.

The main thrust of expansion aims at the suburbs of New York City. The stationery specialty chain plans to cordon the metro

area with 15 stores, two of which will open this summer.

The company will not release performance figures, but according to *Crain's New York Business*, a weekly newspaper, sales in the Boston-area stores are ahead of the planned \$5 million per unit, and sales per square foot are approaching \$700.

Often compared to "category killers" such as Tower Records and Toys "R" Us, Staples resembles them mainly in size and pricing.

A retail/wholesale hybrid, Staples might be described as a membership warehouse club, mi-

A STATIONERY SUPERSTORE DISCOUNTS ALL THE OFFICE ESSENTIALS, FROM MANILA ENVELOPES TO MAXWELL HOUSE



## Dramatic buying plan downturn begins

A spending slowdown for the rest of 1987 now looks like a virtual certainty. The latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey indicates that a dramatic drop-off in customer buying plans for the rest of the year is already well under way.

Compared to the MarkeTrends national telephone survey conduct-

ed only three months ago, consumers in the latest poll are reporting scaled down buying plans for 10 of 12 products.

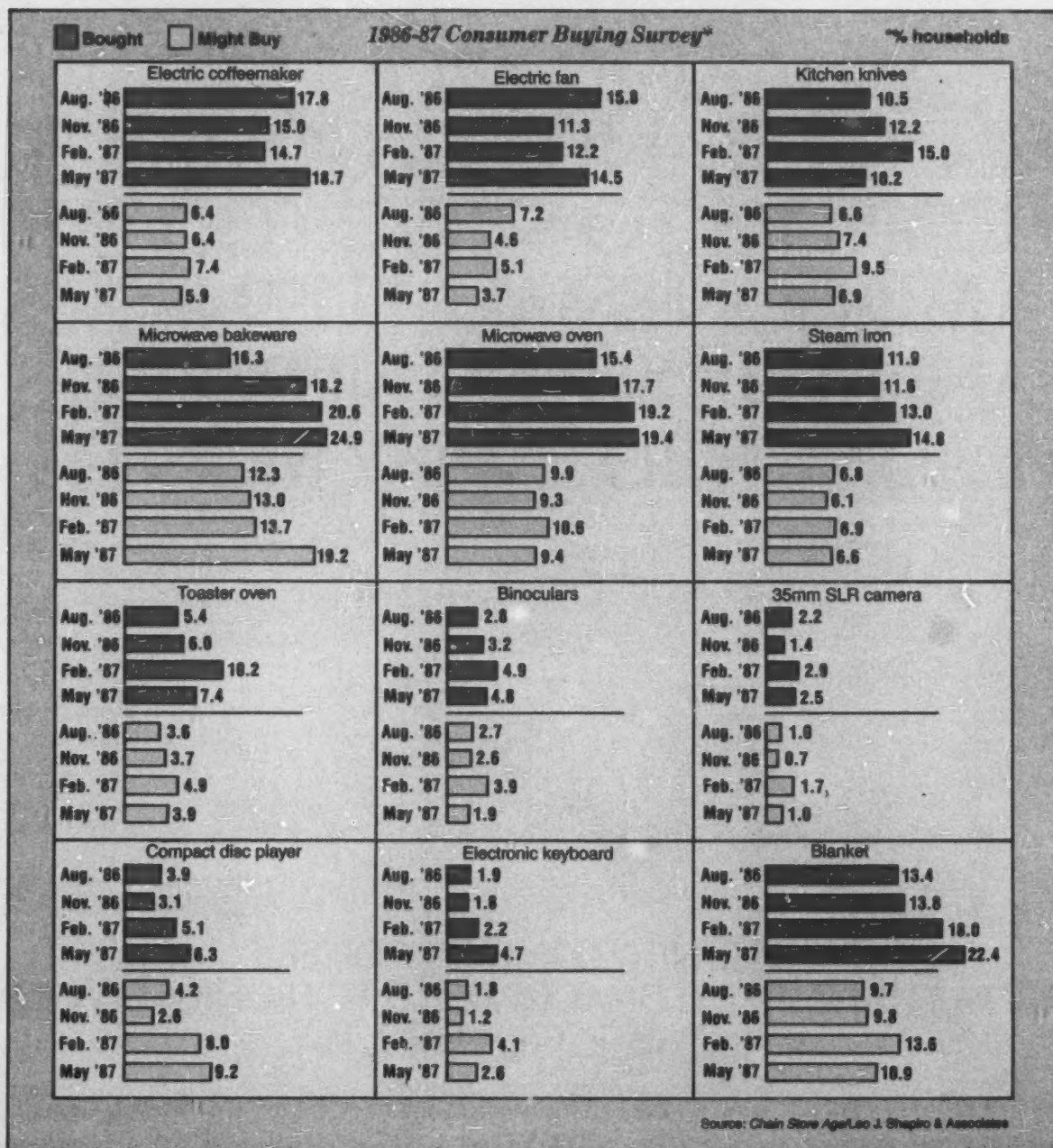
The current poll's results represent the second consecutive month that customers have signaled a cooling in their buying plans. In the previous month's survey, consumers reported trimmer buying plans for 7

out of 12 hard lines products.

Should the trend continue for a third month in June, retailers might find it prudent to scale back already modest Christmas buying plans.

However, there are some outstanding exceptions to the trend. In the most recent MarkeTrends poll, a record high number of households report that they plan on buying a compact disc player sometime within the next year.

In the latest survey, 9.2% of the





MarkeTrends families say that they expect to buy a CD player during the next 12 months. The most recent reading is 15% ahead of the buying plans consumers expressed only three months ago. Compared to polling conducted last summer, purchase intentions for CD players is up nearly 112%.

Also bucking the trend is microwave bakeware. Just about 1 out of 5 of the MarkeTrends families now reports that they expect to buy microwave bakeware sometime within the next year.

Since August 1986, the number of MarkeTrends families planning on buying microwave bakeware has jumped 56%. Over the same period, the number of families reporting that they actually purchased bakeware for the microwave has kept pace, leaping 53%.

Microwave ovens themselves have recorded more listless buying plans. The most recent figures show that compared to last summer, about 5% fewer families plan on buying a microwave. Sales during



*Fans are at the lowest level of purchase intentions in over a year.*

the same period moved up 25%, according to the MarkeTrends poll.

Also set for a dramatic downturn are electric fans. The number of MarkeTrends families which say that they will buy a fan in the next 12 months is now at the lowest level recorded over the past year.

Binoculars, too, are set for a rapid

decline. Though consumers kept with the binocular upswing long after last year's Halley's comet excitement, the fad may now have fizzled much as the comet itself did. Only 1.9% of families expect to buy binoculars in the next year. Only three months ago, the figure was 3.9%. □

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# MINI BOOM TO BE SHORT LIVED FOR THE TYPEWRITER

One-third of families expect to buy a typewriter in 1987. That typewriter could be the last one they expect to buy. But it will be packed with all the newest features.

**T**alk about a once in a lifetime opportunity. The current mini-boom in typewriter sales could prove to be a unique, and perhaps short lived, phenomenon. Over 1.5 million families say that they definitely expect to buy a typewriter this year. But for 500,000 families, that typewriter could well be the very last one they buy—at least on this side of the Pearly Gates.

According to the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll, about one-third of families in the nationwide telephone survey say that one typewriter per lifetime is enough. How long should a typewriter last? "All of my life" and "forever" are among the customer's most frequent responses.

On the average, the 453 randomly selected MarkeTrends families say that a typewriter should last 13 years before needing replacement. Considering that the current family typewriter is already more than seven years-old, consumers are proving pretty true to their word. More than 1 in 20 typewriters is over 30 years-old, according to the recent poll.

With durability like that, marketing and retailing typewriters is, politely stated, a challenge. It is all the more complicated since half of all the MarkeTrends families report that they already own at least one typewriter. About 1 in 10 say that they have two.

Yet the advent of electronics has revitalized, at least for the near term, what had become a money losing retail venture. New features, especially automated features, are returning some life to a category once firmly locked into backspace.

As more and more families buy updated typewriters, however, the

MarkeTrends survey suggests that the boom will fizzle, and that the industry will return once again to the slower sales path of the previous decade. But there is still some sales fizz left before the fizzle.

Altogether, 20.9% of the MarkeTrends families say that there is at least some chance that they will buy a typewriter within the next year. Nearly 2% report that their buying plans are definite, while 3.7% say that they probably will purchase this year. According to the survey, 15.3% say that they "may" buy.

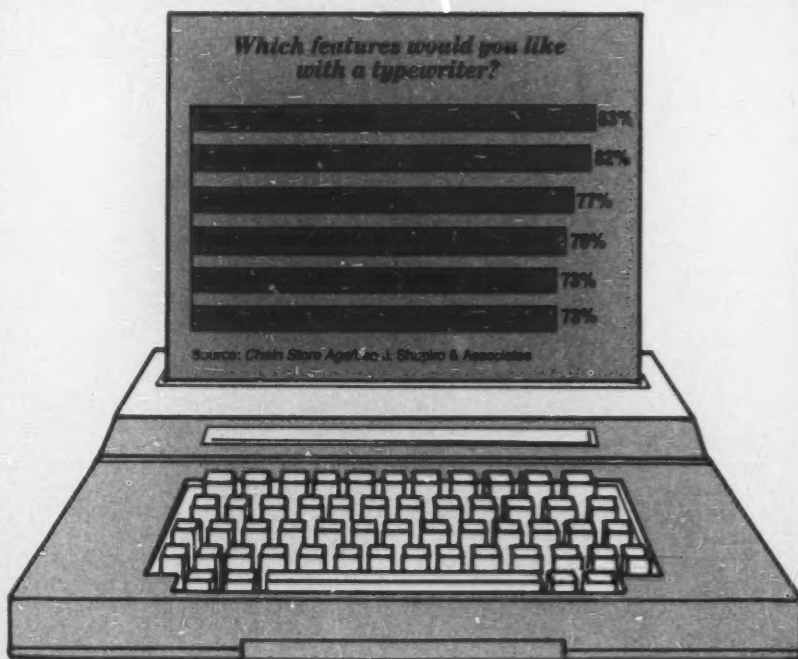
The credit for the customer's new found interest clearly goes to a number of highly automated features. In the MarkeTrends poll, 83% of the families surveyed say that automatic erase and correct is one feature

that they expect to buy the next time they are in the market.

Almost as popular will be automatic carriage return, named by 82% in the survey as a feature that interests them. Seventy-seven percent cite automatic centering as a feature they want on their next typewriter. About three-fourths of the MarkeTrends families say that they would like to have a spelling corrector.

Also named by about 75% of the MarkeTrends families as a feature they want the next time are the ability to type in bold print, and the ability to correct mistakes before they appear on the page.

Interestingly, for those MarkeTrends families that use their typewriter for work, as opposed to school or other personal uses, the





Brother placed third among brands consumers expect to buy.

ability to type in bold print is the second most wanted feature after automatic erase and correct.

And should there be any doubt that the new, automated features are what is creating the current demand for typewriters, consider the following. Families in the MarkeTrends poll who say that they want automatic erase and correct on their next typewriter are 12% more likely than the sample as a whole to say that they plan on actually purchasing within the next year. Families who want automatic carriage return are 10% more likely to say they will buy in the next 12 months.

The trend toward more automat-

ed features is raising the price customers expect to pay for their new typewriter, too. On the average, MarkeTrends families say that they paid only \$263 for their current typewriter, but are willing to part with \$431 the next time.

Those in the market for manual typewriters say that they plan on spending \$174, according to the survey. Families looking for an electric typewriter think they will have to spend \$303 to get the one they want. Electronics, which are most likely to have the features buyers say that they are looking for, should cost about \$495, according to the MarkeTrends families.

Portable typewriters, just like portable televisions in recent years, have become bigger, more featured, heavier, not really portable at all, and the industry standard. In the MarkeTrends poll, 62% of the families say that the next time they buy a typewriter, it will be a portable. Another one-fourth of the families in the survey report that they will buy a desk model.

Office supply and typewriter specialty outlets are still the first choice, named by 16% in the poll as the place they would buy their next typewriter. Sears was cited by 12.4%, followed by full-line department stores (5.7%), catalog showrooms (5.3%), audio/electronics stores (4.7%) and discount stores (4.4%).

Though the MarkeTrends families are fairly certain where they will buy their next typewriter, they are not so sure what brand it will be. Forty-seven percent of those polled cannot, or will not, name a brand they expect to buy.

Among those who do cite a brand they expect to buy, IBM leads the list, the choice of 22.7% in the poll. Following are Smith Corona (12%), Brother (4.4%), Royal (3.6%) and Remington (2.8%). Also earning mentions are Underwood, Sears, Panasonic, Olivetti and Olympia. □

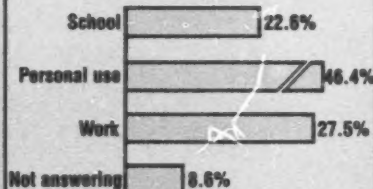
## Let's get personal

About half of American households own at least one typewriter, but what do they really use them for? The answer is kind of personal. According to the MarkeTrends survey, personal use, meaning keeping up with personal correspondence and household business, is the top use for typewriters in the home. Almost half (46.4%) of families that own typewriters say that personal use is the primary task they are put to.

Work, named by 27.5% of families with typewriters, is the second most frequent use. School work, cited by 22.6% of the MarkeTrends families, is the third most frequent task.

The typewriter used to perform personal tasks is more likely to be a manual and to have cost less than the one put to work for

### For what do you use your typewriter?



Source: Chain Store Age/Lao J. Shapiro & Associates

school or business purposes. They are also some of the oldest typewriters around, averaging about 11 years-old.

However, that does not mean that their owners are in any rush to replace them. Half of families where personal use is the top

task for their typewriter say that there is no chance at all that they will buy another typewriter within the next 12 months.

The better prospects? Those families who use their typewriter primarily for work or school. Only 19% of the school use families say there is no chance that they will buy a typewriter this year. For business use families, the number who will not buy is only 25.6%.

Business and school use families are also more likely to want to spend more for a new typewriter. Business users say that their next typewriter will cost an average \$700. School users expect to pay \$463, while those who put their typewriters to entirely personal uses plan on spending only \$397.



# RETAILERS AND CONSUMERS WANT THE COOL TOUCH

Consumers and retailers alike vote the cool-touch feature essential. With few big-name vendors offering the feature, retailers have turned to secondary brands.

**T**oaster manufacturers who have not taken the cool-to-touch exterior route with their models are missing a good bet in today's competitive market.

Reports from consumers covered in *Chain Store Age's* exclusive MarkeTrends study, as well as from retailers across the country, indicate that the so-called cool-touch feature is much in demand.

The MarkeTrends report, for instance, shows that 43% of the households polled find the feature essential, while 24% give it a high priority on their toaster want lists.

At the same time, many retailers cited cool touch and wide slot features as pacing their toaster sales. Since they have not been readily available from such name suppliers as Toastmaster and Sunbeam, and in tight supply at Black & Decker, sales of cool-touch units at retail have been strongest in such secondary brands as Maxim, Rowenta, and Russell Hobbs.

At the housewares show last month, Black & Decker and Proctor broke ranks with cool-touch models, while Sunbeam and Toastmaster continue to hold out, presumably because of the high production costs.

A typical retailer lament comes from Wayne Schrader, dmm for W. Bell, the Middle Atlantic catalog-showroom chain. "Cool touch is the key feature, but nobody has come up with it. Maxim has a model that sells as a high \$40 price tag. I would like name brand companies to come up with new models at low prices," he said.

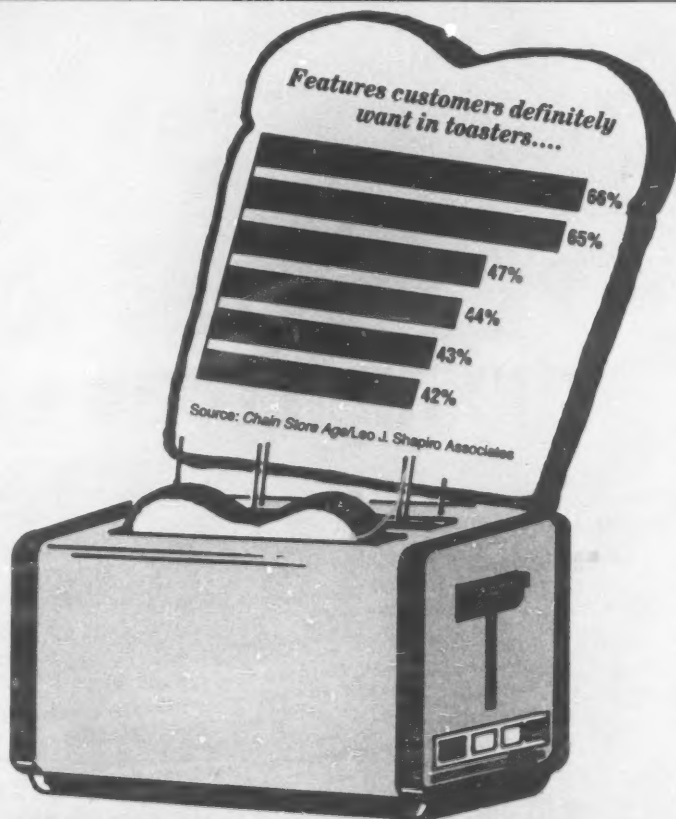
Wayne Takahashi, dmm for Meier & Frank, Portland, Ore., has been doing well with a Black & Decker model at \$25, but, he stresses, "the models are on allocation."

Larry Hurd, buyer for Blooming-

dale's New York, says "the industry is getting around to a development I have been touting for years [cool touch]. Maxim, Rowenta, and Russell Hobbs have models to retail at \$40. That's where the toaster business is going."

John Wallace, dmm for Porteous Mitchell & Braun, Portland, Maine, supported Hurd's view. He scored a three-day sellout of a cool-touch model he offered at \$38.

But the cool-touch concept is not the only feature consumers are warming up to in toasters, the *Chain Store Age*/Leo J. Shapiro report shows.



Some 66% of the respondents, for instance, want extra-wide slots to accommodate pastry and bagels; 65% want accurate toasting settings; and 47%, convenient handles for carrying the appliance from place to place, while 44% like the keep-warm feature, and 42%, an easy-to-use lever for lowering the toast.

A two-year warranty is important to 65% of potential toaster buyers who expect to pay an average \$30 for their models. Some 14% of the respondents expect to pay under \$20 for their toaster, while about 10% are in the market for



units from \$40 to \$50.

Demand for two- vs. four-slice toasters is weighted toward the larger size, with 43% of the prospective buyers leaning toward two-slice models as opposed to 55% for four-slice.

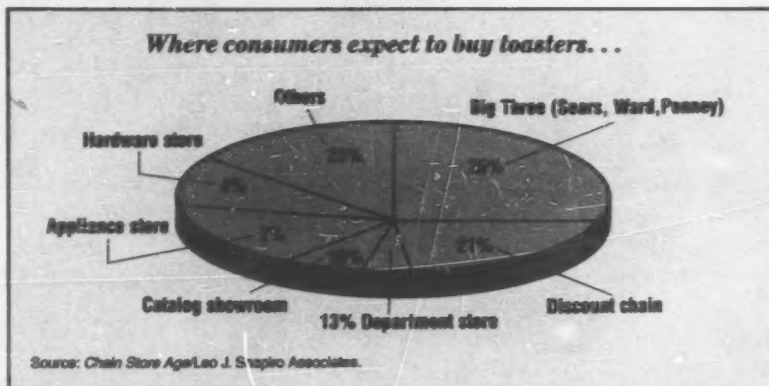
Surprisingly, the newest development, which has been readily accepted by other segments of the electric housewares field—under-the-cabinet mounting—has not captured the fancy of the toaster and toaster-oven buying public. Only 31% of the households covered in the study think the feature has merit in toasters; 27% in toaster ovens.

Those consumers, 65% of them, who consider accurate toasting settings essential, and the 20% who rate its importance high, will be seeing on the market this year a new Sunbeam electronic model with sensors that are said to assure consistent and uniform toast coloring. Dazey Corp. is entering the toaster market this spring with an electronic model that is said to provide both quick toasting and even browning.

In the toaster study, *Chain Store Age* also polled consumers for their wants in toaster ovens. It shows features to be as important in the category as in toasters.

In toaster ovens, easily removable trays are considered to be an essential feature for 53% of the households canvassed; removable doors, 50%; and non-stick interiors, 49%.

Continuous clean was favored by 43%, while only a quarter of the



households replying are interested in toasters with defrost settings.

As for cooking functions of toaster ovens, toasting is deemed the most important consideration by 45% of the households thinking about buying a new unit, while broiling is the key function for 25%; baking, 18%; and top browning, 8%. Of the 41% who own toaster ovens, toasting is most important to 52%, while baking and broiling each are considered essential by 21% of the respondents. After baking and toasting, broiling is considered the most significant aspect, reflected by the fact that 76% of the owners like the feature. Toaster ovens with a four-slice capacity are preferred by over half the households checked; two-slice by 27%; and six-slice by 9%.

The study shows that the average price consumers expect to pay for a toaster oven is \$66. But when the baking and broiling functions are

added to toasting, they believe the price would be about \$75.

With the high saturation of the toaster market—84% of the households in the study have them, while only 41% own toaster ovens—step-up features are essential in wooing the large replacement customer.

The study shows that customers would most likely buy toasters at one of the Big 3 national chains—Sears, Ward, Penney. Some 25% of the consumers say they expect to buy their next toaster there, while 20% opted for discount chains; 13% for department stores; 9% for catalog showrooms; 7% for appliance stores; and 4% for hardware stores.

A similar pattern emerges in toaster ovens. Again the Big 3 were cited as where 25% of the respondents would buy their next model; department stores, 8%; catalog showrooms, 10%; appliance stores, 10%; and hardware stores, 3%. □

## Little brand awareness in toasters

How strong is brand awareness in toasters and toaster ovens?

Not very, if consumer buying intentions reported in an exclusive *Chain Store Age* MarketTrends study are any indication.

Some 40% of the consumers reporting in the study did not know what brand of toaster they would buy, while the figure was 43% for toaster ovens.

What's more, two names that are no longer in the toaster and toaster oven arena—General Electric Co. and Westinghouse

—were cited as brands most consumers would likely purchase. GE, whose appliance business was acquired by Black & Decker in 1984, was named by 30% of the potential toaster buyers; and 33% of prospective toaster-oven buyers in the MarketTrends study. Black & Decker, on the other hand, was named by only 1.7% of toaster buyers, 3.8% of toaster-oven purchasers.

Westinghouse has been out of the consumer electric housewares business even longer than GE. Two percent of consumers in the study indicated they expect-

ed to buy Westinghouse toasters and toaster ovens.

A huge gap exists between GE and its closest rival in brand preference in both toasters and toaster ovens. In toasters, Sunbeam followed GE with 8% of the prospective consumer purchases. It in turn was followed by Toastmaster with 7%; Proctor-Silex, 4%; Sears, 4%; Hamilton Beach, 1%; and all others, 2%.

As for toaster ovens, names behind GE were Sunbeam, 4%; Sears, 3%; Toastmaster, 3%; Hamilton Beach 1%; Sharp and Panasonic, each under 1%.

## CUSTOMERS CHERRYPICK EACH BED ACCESSORY

Having it all is not the goal. Either shoppers are already stocked up on some items or they believe there is such a thing as the overdressed bed.



*For all four accessories, many consumers were vague about price.*

**N**ot many consumers want their beds with all the trimmings. Most prefer to select bed accessories the way they get Whoppers at Burger King. "Hold the mattress covers," say some. "Forget the pillow shams," say others.

That is one conclusion of an intensive *Chain Store Age* MarkeTrends survey examining buying intention for four bed accessories: bedskirts, protective pillow covers, mattress covers and pillow shams.

The study revealed significant buying intention for most of the items. However, consumers tend to

cherrypick from the bed accessory menu.

Mattress covers attracted the most interest. Definitely planning a next-year purchase were 5.5% of the respondents. Another 11.5% said they would probably buy the product in the next 12 months, and 18% said they possibly would.

That means that 35% of consumers have some chance of picking up a mattress cover in the coming year. Not bad for a product that no one would describe as stylish. By contrast, sheets and pillowcases—a fashion business—drew only 32.7% of the some-chance votes in a previ-

ous MarkeTrends survey.

Purchasing intention for the other bed accessory items was weaker but still significant. Pillow shams landed the No. 2 spot, with 28.2% of households expressing some interest in buying them during the next year. Bedskirts have some possibility of being purchased by 23.4%, while protective pillow covers attracted the least interest, 22%.

In all three also-ran categories, definite buying intention was faint, about 2% or 3%. Consumers tended to rate their purchasing chances as "maybe." Mattress covers pulled almost twice as many definite votes as any other bed accessory.

Price expectations were high throughout the category. On average, consumers plan to spend \$29 for a mattress cover, \$21 for a pillow sham (consumers may assume that this price applies to a packaged set of two), and \$29 for a bedskirt. In protective pillow covers, a resounding majority of consumers expressed interest in products made of flat or quilted fabric, vs. lower-priced vinyl.

For all four accessories, a large portion of consumers had no idea of what ticket to anticipate.

When prices were specified, they tended to trend above \$20. The survey suggests that consumers are looking for features, not just price.

Even in the case of mattress covers, shoppers are searching for particular features. Quilting on fitted covers generally commands a higher price point, and quilting is the people's choice, the survey reveals.

Of all those polled, 69.2% would want their covers made of quilted fabric, compared with the 19.1% wanting flat woven fabric and the 6.5% choosing vinyl. Slightly more than 5.2% had no answer to this question.

**Cotton content:** The cotton content on the top of the cover is sometimes included in packaging. A wise move, the survey indicates. Close to 2 out of 3 (63.6%) shoppers want their mattress cover tops made of all-cotton. A blend of cotton and synthetics appeals to 30.9%, while a scant 4.1% want all-synthetic, and 1.4% had no answer.

However, 100% cotton diminishes in importance for consumers with definite or probable buying intentions. Blends have better acceptance with shoppers who are in the active market.

Asked what size mattress cover they would be looking for, 36% of those polled specified full, while queen was the choice of nearly 28%. King and twin garnered 23% and 10.4% of the votes, respectively. About 3% of the respondents had no answer to the size query.

**Brand recognition** is low for most domestics. For mattress covers, a little advertised item, it sinks even lower. Perfect Fit Industries' Bedsack brand, the most trumpeted name in the arena, was specified by less than 1% of those surveyed. It held slightly more sway with consumers having definite or probable buying plans, snaring 2% of their brand mentions.

Small as Bedsack's tally was, it gains significance in light of the fact that only about 16% of consumers could name a brand at all. Label consciousness was somewhat higher for the active market group, 24% of whom named a brand.

However, even active shoppers tended to confuse the big names in mattresses—Sealy, Simmons, etc.—with brands of covers. Among shoppers rating their chances of a next-year cover purchase as probable or better, 7.4% said they wanted a mattress company brand.

Runner-up in the brand contest was the Sears private label with 7.1% of the mentions, while 4.1% expressed a preference for Cannon. Bedsack's results put it in third place, and 3.4% named some other brand.

Price expectations were broken out by desired type of fabric content. Interestingly, consumers preferring blends were willing to pay about the same amount as those desiring all-cotton. The cotton/synthetic group expected an average expenditure of \$28, compared with \$29 for all-cotton.

When asked where they would

| With what item should your pillow sham coordinate?* |       |
|-----------------------------------------------------|-------|
| Bedsprad                                            | 62.4% |
| Drapes/curtains                                     | 41.2% |
| Comforter/quilt                                     | 9.8%  |
| Rug/carpet                                          | 8.9%  |
| Sheets                                              | 1.8%  |
| Other                                               | 3.3%  |
| Not Answering                                       | 3.6%  |
| Do not want coordination                            | 11.1% |

\*Multiple responses permitted

Source: Chain Store Age/Lao J. Shapiro & Associates

shop for the product, consumers were vague. More than 1 out of 5 had no answer. Of those answering, about one-third named Sears, Penney or Ward as their destination. Sears netted 18.3% of the store mentions, 11.7% went to Penney, and Ward trailed with 3.5%.

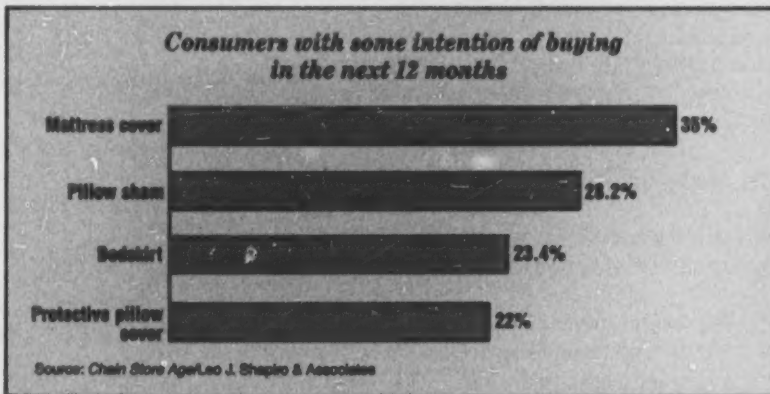
Discounters and department stores ran neck and neck, each garnering about 17% of the store mentions. Product specialty stores bagged a 6.2%.

and drapes were also frequently mentioned as the key to sham coordination, named by 41.2%.

By comparison, comforters and sheets were seldom mentioned. Though vendors commonly offer shams in sheet patterns, or even in sheet sets, only 1.8% of those polled wanted their pillow shams to match the sheets. The result for comforters was a lowly 9%.

Again, the Big 3 made a big splash in the store-preference choices. Penney conquered Sears for a change. Nearly 19% of the pillow-sham shoppers plan a trip to a Penney's store. Department stores got almost 22% of the mentions, while discount stores brought up the rear with 15.2%.

**Bedskirt potential:** The survey's look at bedskirts raised some interesting points that vendors are beginning to address. Because it is purely decorative. Ideally, consumers would switch their bedskirts with every change of sheets. Ruffles matching best-selling sheet pat-



**Pillow cover talk:** When questioned about another protective product, pillow covers, respondents lost some enthusiasm for quilting. Of shoppers who said they would want a pillow cover, 23.1% wanted flat woven fabric, 17% chose quilting, and less than one percent specified vinyl. About 4% had no answer.

When the questions turned to pillow shams and bedskirts. A decision was made to poll only female respondents.

Women shoppers voiced a sharp preference for pillow shams that coordinate with bedsprads. Of the female consumers preferring that their shams match other home furnishing items (and only 11% did not have this preference), bedsprads were singled out by 62.4%. Curtains

terms are widely available.

Shoppers might like that fully coordinated look, but not if it requires the removal of a heavy mattress. More than three-quarters of the women surveyed said they want their ruffles in solids rather than patterns. Blue was by far the favorite color.

Until quick-change solutions are found, bedskirts will not respond to fashion. Some manufacturers are offering ruffles that attach to a cloth base with Velcro, eliminating the need for heavy lifting.

Remedying the problem could be well worth the trouble. Among shoppers probably or definitely planning to buy the item in the next 12 months, nearly 29% plan an expenditure of between \$25 and \$35. □



Industry pundits are suggesting that Canon's advertising campaign to regain SLR market share could be better spent on its already successful lens-shutter line.

## Canon launches \$10 million EOS ad blitz

**C**anon USA's plan to spend \$10 million to tout its new Canon EOS 35mm SLR camera has industry observers asking, "Why?"

While it is true that Canon has lost its leadership position in SLR sales to Minolta thanks to the Maxxum, industry pundits are suggesting that Canon's advertising blitz to regain market share is more an exercise in ego than it is shrewd marketing. The money might be better spent, some say, on Canon's already successful lens-shutter line.

With five other autofocus SLRs now in the marketplace, Canon's entry might not be different enough that the customer will notice. And does what happens in the single-lens reflex market really make a difference, now that most of the action has moved to rangefinder cameras? Maybe not, except when it comes to corporate ego.

Canon revolutionized the camera market in 1976 when it debuted the first real electronic camera, the AE-1. Canon's reward was a three-fold increase in the market for single-lens reflex cameras, from about 860,000 units to a high of 2.4 million.

At the same time, Canon grabbed about a 40% market share in the United States. But then in 1985 came Minolta's Maxxum. In the two years since Maxxum's introduction, Minolta's share of the SLR market has jumped above 30% and is still growing, while Canon's has dropped by about half.

But while Canon has declared all-out war on the Maxxum, the camera warriors are fighting over a shrinking market. Total sales for SLRs have been slipping since 1979. Despite Maxxum's success, SLR unit sales were down to 2 million in 1986.

"The real marketing thrust is in rangefinders," admits Pentax national marketing manager Carmel Monti, even though Pentax itself has only recently unveiled its own autofocus SLR, the SF1. Pentax has put the bulk of its advertising muscle this year behind a 35mm,

zoom-lens rangefinder camera.

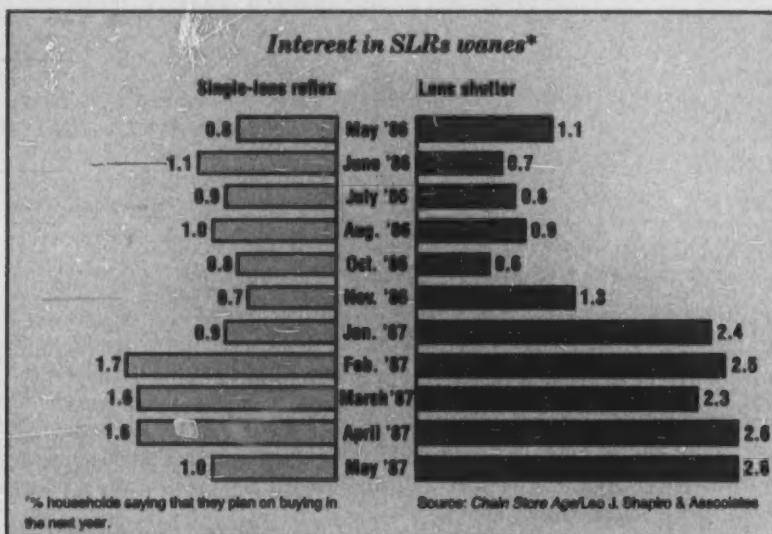
And for good reason. In 1984 sales of lens shutter cameras surged ahead of SLRs for the first time. Last year, rangefinder sales topped 5 million units. The trend is likely to continue.

According to *Chain Store Age*/Leo J. Shapiro & Associates polling, customer interest in SLR cameras is stagnant, while lens-shutter sales will continue to boom.

In the most recent poll, about 1% of households say that they expect to buy an SLR camera this year.

It is no surprise either that Canon would place so much of its corporate ego behind the success or failure of its SLR cameras. SLRs are the "class" product of the camera industry and the category the companies use to set their own pecking order. Regardless of the size of the SLR market, it would be almost unhuman for Canon to let its major rival take away the top spot without a fight.

It could prove to be quite a fight. For one, Minolta has already forged strong relationships with major re-



More than twice as many, or 2.6%, report that they expect to buy a rangefinder camera.

Exactly a year ago, 0.8% of the families in the poll said that they expected to buy an SLR, while 1.1% reported that they would buy a point and shoot camera.

So why is Canon making so strong a push for EOS? The strategic business plan for most Japanese companies calls for market-share domination, and Canon is typical. Faced with a market-share loss of nearly 50% in only two years, Canon's headlong push to regain lost ground is no surprise.

tailers that will be hard to shake.

"Minolta has been very, very good to us," says the buyer for one national chain with sales in excess of \$5 billion. "It would take something very special from Canon," he says, "to upset that relationship."

Too much emphasis on marketing SLRs could also upset crucial marketing plans for rangefinders. Many retailers, most notably K mart, are moving away from top-brand lens-shutter cameras to secondary brands to maintain margins. If the trend continues, Canon might be sorry it did not spend some of its \$10 million EOS budget on Sure Shot. □



## Tight controls drive 1986 profits up 23%

Better inventory management, tighter expense control and fewer markdowns for most retailers translated into higher profits in both the fourth quarter of 1986 and the full year. The 23 retailers tracked by *Chain Store Age* posted a combined 27.5% earnings gain in the year's final quarter. For the year, profits were up 22.7%.

The earnings gain came despite a number of negative pressures on profits last year. Not the least of them was a continuing profit squeeze due to the Tax Reform Act of 1986. Though it is generally conceded that tax reform will positively impact earnings this year, for most retailers the loss of investment tax credits in the latter part of 1986 took a healthy bite out of profits.

Increased reserves for LIFO further reduced earnings gains. So, too, did increased provisions for uncollectable accounts. In the third quarter, Sears was the first retailer to cite the impact of bad consumer debts on its bottom line. For the fourth quarter, the nation's largest retailer again noted the effect of uncollectable accounts, but this time it was joined by J. C. Penney, which also increased provisions for bad accounts in the fourth quarter.

Generally, retailers were upbeat as they closed the books on 1986. Few were more bullish than Montgomery Ward, which ended the year with the highest profits in its history. Ward finished the year with earnings of \$106 million, compared to \$42 million in 1985.

J. C. Penney reported that fourth quarter profits were up 13.1% on a sales gain of only 6.5%. For the year, Penney's earnings jumped 20.5%, even though sales were ahead a more modest 7.2%. J. C. Penney chairman William Howell credited lower than usual markdowns, better inventory control and the strong performance of the catalog for the profit gains.

Fellow cataloger Sears ended the year much as it had begun—below plan. The Merchandise Group reported fourth quarter income of \$358 million, compared to \$384 million in 1985. For the 12 months, the Merchandise Group reported earnings of \$736 million, compared to \$766 million in 1985.

Looking toward 1987, Sears

| Discount, specialty outlets post best profit gains |                              |                  |                |                            |                  |               |
|----------------------------------------------------|------------------------------|------------------|----------------|----------------------------|------------------|---------------|
| Chain                                              | 4th quarter<br>(000 omitted) |                  |                | Full year<br>(000 omitted) |                  |               |
|                                                    | 1985                         | 1986             | % change       | 1985                       | 1986             | % change      |
| J. C. Penney                                       | 224,000                      | 253,000          | + 13.1         | 397,000                    | 478,000          | + 20.5        |
| Sears                                              | 384,500                      | 357,700          | - 7.0          | 765,700                    | 736,000          | - 4.0         |
| Montgomery Ward                                    | 56,000                       | 77,000           | + 37.5         | 42,000                     | 106,000          | + 152.4       |
| <b>Subtotal</b>                                    | <b>664,500</b>               | <b>687,700</b>   | <b>+ 3.5</b>   | <b>1,204,700</b>           | <b>1,320,000</b> | <b>+ 9.6</b>  |
| Dollar General                                     | 7,582                        | 2,509            | - 66.9         | 17,829                     | 4,318            | - 75.8        |
| Jamesway                                           | 3,212                        | 4,524            | + 40.8         | 9,252                      | 12,124           | + 31.0        |
| K mart                                             | 10,500                       | 285,000          | + 2614.3       | 221,200                    | 582,300          | + 163.2       |
| Rose's                                             | 7,549                        | 7,556            | N.C.           | 20,322                     | 24,049           | + 18.3        |
| Wal-Mart                                           | 133,057                      | 184,300          | + 38.5         | 327,473                    | 450,086          | + 37.4        |
| Wholesale Club                                     | (580)                        | 558              | N.M.           | (2,180)                    | (1,760)          | N.M.          |
| F. W. Woolworth                                    | 108,000                      | 117,000          | + 10.4         | 177,000                    | 214,000          | + 20.9        |
| Zayre                                              | 36,480                       | 43,792           | + 20.0         | 94,647                     | 88,974           | - 6.0         |
| <b>Subtotal</b>                                    | <b>363,890</b>               | <b>645,239</b>   | <b>+ 112.4</b> | <b>805,843</b>             | <b>1,374,961</b> | <b>+ 69.8</b> |
| Carter Hawley Hale                                 | 18,923                       | (24,203)         | N.M.           | 8,025                      | 4,214            | - 47.5        |
| Dayton Hudson                                      | 153,300                      | 202,400          | + 32.0         | 283,600                    | 310,000          | + 9.3         |
| Dillard                                            | 33,516                       | 37,421           | + 11.6         | 66,903                     | 74,458           | + 11.3        |
| Federated                                          | 154,037                      | 171,252          | + 11.2         | 286,626                    | 287,600          | N.C.          |
| Gottschalks                                        | 2,756                        | 2,776            | + 0.7          | 3,005                      | 4,021            | + 33.8        |
| May Dept. Stores                                   | 195,000                      | 213,000          | + 9.2          | 347,000                    | 381,000          | + 9.8         |
| <b>Subtotal</b>                                    | <b>557,532</b>               | <b>602,840</b>   | <b>+ 8.1</b>   | <b>1,009,360</b>           | <b>1,100,287</b> | <b>+ 9.0</b>  |
| Child World                                        | 9,368                        | 10,949           | + 16.9         | 12,589                     | 15,386           | + 22.2        |
| Oshman's                                           | 7,739                        | 5,415            | - 30.0         | 8,536                      | 2,664            | - 68.8        |
| Toys "R" Us                                        | 88,108                       | 116,060          | + 31.8         | 119,774                    | 152,217          | + 27.1        |
| <b>Subtotal</b>                                    | <b>105,215</b>               | <b>132,424</b>   | <b>+ 25.9</b>  | <b>140,899</b>             | <b>170,267</b>   | <b>+ 20.8</b> |
| Clothestime                                        | 1,407                        | 1,683            | + 19.6         | 10,005                     | 11,908           | + 19.6        |
| Edison Brothers                                    | 11,600                       | 17,600           | + 51.7         | 27,000                     | 33,900           | + 25.6        |
| The Gap                                            | 15,349                       | 28,202           | + 83.7         | 27,707                     | 68,099           | + 145.8       |
| <b>Subtotal</b>                                    | <b>28,356</b>                | <b>47,485</b>    | <b>+ 67.5</b>  | <b>64,712</b>              | <b>113,907</b>   | <b>+ 76.9</b> |
| <b>Total</b>                                       | <b>1,809,403</b>             | <b>2,116,494</b> | <b>+ 27.5</b>  | <b>3,286,060</b>           | <b>4,128,532</b> | <b>+ 22.7</b> |

( ) Indicates loss N.C. No change N.M. Not meaningful  
Source: Chain Store Age research

chairman/ceo Edward Brennan was more upbeat. "For the general merchandise industry," Brennan said, "we look for sales to increase 5.5% over 1986, with slightly stronger gains for non-durables than for durables."

At K mart, the nation's second largest retailer, fourth quarter results leaped ahead to \$285 million from \$10 million the year before. The 1985 figures included a \$239 million charge related to the disposal of a Mexican retailing division and an insurance unit. The latest quarter's totals include a \$31 million profit from discontinued Furr's and Bishop's cafeterias as well as shuttered Designer Depots.

K mart earnings from continuing operations were up 8.5% compared to the final quarter of 1985.

For Wal-Mart, a 39% sales increase for the fourth quarter fell behind the 41% pace set for all of 1985. Nonetheless, profits in the year's final three months were up 39%, compared to a 37% rise for the year.

Zayre, meanwhile, managed a moderate comeback from the profit slide recorded for the first nine months of 1985. A sales increase of

32% and a profit gain of 20% in the last quarter brought Zayre's year-end figures back from the brink. Net income for the 12 months was \$89 million, compared to \$95 million the year before, or a 6% drop. Through the first three quarters, Zayre profits had been down 22%.

Operating income for Zayre's discount store division was down 8.4% for the year. T. J. Maxx, Hit or Miss, and Chadwick's operating profits were up 17.7% over the year before. The warehouse group, which includes BJ's Wholesale Club and HomeClub Warehouse Home Center, posted a \$12 million operating loss for the year.

Zayre, however, was not the only retail company having trouble turning a profit with the warehouse format. Though the Wholesale Club managed to post a \$558,000 profit for the fourth quarter, it ended the year \$1.8 million in the red.

San Diego-based Price Co. continued to prove the exception to the rule, closing another year in the black. Though Wal-Mart did not break out results, its Sam's wholesale format is also reported profitable.

## Mixed March hosts 6.4% sales gain

An Easter holiday which fell three weeks later than last year unfavorably skewed sales results for most retailers in March. The 19 retailers tracked by *Chain Store Age* recorded a combined sales gain of 6.4% compared to the same month a year ago. For the two month fiscal year, volume is ahead 9.2%.

"A major factor in March," said May Dept. Stores chairman/ceo David C. Farrell, "was the absence of Easter sales, which have been shifted three weeks later from the last Sunday in March to the third Sunday in April this year. [The] month's sales were substantially in line with our plan, and we look forward to good year-to-year comparisons with March and April combined."

Store-for-store results were down across all of May's divisions. Volume Shoe's sales dipped by almost 7%. The Venture discount store division reported same-store results down 6%. Caldor comparable store-sales fell 2.4%, but were comparing to a weaker month in the year-earlier reporting period. May's department store divisions recorded a 1% comparable-store sales drop.

F. W. Woolworth also cited the late Easter holiday for its 4.4% decrease in domestic sales. Woolworth chairman/ceo Harold E. Sells was upbeat in assessing the spring sales outlook.

"As anticipated," said Sells, "March sales were lackluster in our seasonally sensitive business due to Easter being three weeks later this year. Strong double digit domestic and foreign sales gains during the last week of the reporting period highlight the merits of avoiding calendar-induced distortions in year-to-year comparisons by viewing March and April as a single reporting period," he said.

At Sears, however, economist Thomas Swanstrom made the argument that Easter actually had a negative impact on March sales last year. Sunday has become such an important selling day, Swanstrom argues, that closing the store on the holiday actually reduces the month's sales.

Sears reported sales for combined domestic and international merchandising operations ahead

## Easterless March skews sales results

| Major chains                    | % change | March sales* |              | Stores |       | 2-mo. sales* |              | % change |
|---------------------------------|----------|--------------|--------------|--------|-------|--------------|--------------|----------|
|                                 |          | 1987         | 1988         | 1987   | 1988  | 1987         | 1988         |          |
| Sears <sup>1,2</sup>            | + 4.2    | \$ 2,324,463 | \$ 2,230,005 | 866    | 799   | \$ 3,970,165 | \$ 3,800,490 | + 4.5    |
| Penney <sup>2</sup>             | - 1.3    | 1,116,000    | 1,131,000    | 1,848  | 1,906 | 1,896,000    | 1,872,000    | + 1.3    |
| Ward                            | + 3.0    | 332,900      | 323,200      | 295    | 293   | 609,600      | 572,200      | + 6.5    |
| May Dept. Stores                | + 3.5    | 885,400      | 855,200      | 2,789  | 2,443 | 1,517,300    | 1,404,700    | + 8.0    |
| Dayton Hudson                   | + 4.8    | 791,800      | 755,600      | 487    | 425   | 1,390,000    | 1,260,000    | + 10.3   |
| Federated <sup>3</sup>          | + 2.6    | 934,900      | 891,600      | 507    | 485   | 1,311,500    | 1,255,500    | + 4.5    |
| Carter Hawley Hale              | + 7.8    | 314,000      | 291,300      | 310    | 274   | 554,700      | 515,100      | + 7.7    |
| Mercantile                      | + 0.5    | 184,702      | 183,711      | 82     | 80    | 297,915      | 289,587      | + 2.9    |
| Carson Pirie Scott <sup>4</sup> | + 8.2    | 70,600       | 65,251       | N/A    | N/A   | 126,600      | 110,429      | + 14.6   |
| K mart <sup>1,2</sup>           | + 4.5    | 2,089,400    | 1,999,000    | 2,207  | 2,185 | 3,490,800    | 3,238,300    | + 7.8    |
| Wal-Mart                        | + 31.7   | 1,126,000    | 855,000      | 1,073  | 907   | 2,011,000    | 1,470,000    | + 36.8   |
| Zayre                           | + 12.7   | 522,300      | 463,500      | 1,107  | 993   | 849,300      | 723,700      | + 17.4   |
| Woolworth <sup>1</sup>          | - 4.3    | 355,000      | 371,000      | N/A    | N/A   | 604,000      | 604,000      | N.C.     |
| Ames                            | + 8.2    | 164,000      | 151,600      | 463    | 453   | 277,600      | 238,700      | + 16.3   |
| Bradlees                        | + 2.0    | 150,000      | 147,000      | 162    | 155   | 259,000      | 245,000      | + 5.7    |
| Tandy <sup>1</sup>              | + 11.4   | 225,766      | 202,700      | N/A    | N/A   | 436,503      | 386,267      | + 13.0   |
| Circuit City                    | + 52.1   | 75,600       | 49,700       | 87     | 68    | 143,000      | 100,200      | + 43.0   |
| Federated Group                 | + 3.0    | 33,900       | 33,800       | 65     | 59    | 59,600       | 61,800       | - 3.6    |
| Best Buy                        | +119.3   | 26,100       | 11,900       | 24     | 12    | 46,800       | 22,300       | +109.9   |
| Totals & Averages               | + 6.4    | \$11,722,83  | \$11,022,067 | —      | —     | \$19,851,383 | \$18,170,273 | + 9.2    |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.

<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K. mart stores only.

4.2% in March, one of its best gains in the last year. The nation's largest retailer noted that sales for home appliances, home fashions and women's sportswear were particularly strong.

Fellow cataloger J. C. Penney posted a 1.3% sales dip for the month, but cited continuing strong performance by its catalog. Geographically, Penney reported the brisk activity in the East and weakest sales in the economically depressed Southwest.

Montgomery Ward, while not nearly matching its almost 13% comparable-store sales jump from February, still turned in a 3% same-store gain in March. "Strong sales in

our home, electronics and appliance specialties," said president/ceo Bernard F. Brennan, "were partially offset by the continuing effect of our decision to discontinue certain lines of merchandise."

Wal-Mart, meanwhile, continues to rack up sales gains despite the economic slump plaguing much of its 23 state trading area. The Bentonville, Ark.-based discounter recorded a 32% sales gain for the month with same-store results ahead 8% compared to a year ago.

City of Commerce, Ca.-based The Federated Group, operating electronics superstores throughout the hard hit Southwest, reported same-store results down 8% for the month.

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The truth about blank video tapes  
State of the industry: Top 100 Chains

C5150-7  
6/8/87

# Chain Store Age

GENERAL MERCHANDISE TRENDS

JUNE

1987

## F.W. WOOLWORTH Growth Through Diversification

HERALD SQUARE  
*Party Shop*

*Cards*

*Party time*

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CONGRESSIONAL INFORMATION  
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Harold E. Sells, Chairman/CEO





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## ValueTelevision bombs in ratings



A star-studded TV program that was meant to introduce tele-shopping to mainstream non-cable television has landed near the bottom of the ratings.

"ValueTelevision," which airs weekdays on VHF stations (Channels 2-13) in about three-fifths of the nation, has been ranked by Nielsen Media Research as 333rd out of 420 syndicated programs. It earned a rating of 1 and a share of 5%.

The rating means that it has an average viewership of 532,770 households, or 1% of those whom it reaches. Share signifies its market share in comparison with other programs watched in the same time slot.

Hosted in its first season by Alex Trebek (of "Jeopardy" fame) and actress Meredith MacRae, the upscale shopping show is a blend of celebrity interviews and sales pitches. It is staged on a set that broke records for construction costs.

But its ratings put it in close company with more modest syndicated fare, such as reruns of "Petticoat Junction" and "Bar-etta."

Alex Trebek will be deserting the program to moderate a new game show. Exercise guru Richard Simmons will take his place.

A joint venture of Fox Television, Lorimar-Telepictures and Horn & Hardart, "ValueTelevision" is seen on the seven Fox stations in major U.S. markets, usually during the daytime, and was offered to network affiliates and independents.

Lorimar-Telepictures, which produces and distributes the show, told *Chain Store Age* in December that the goal was to

penetrate 85% of the country.

But an unenthusiastic reception by non-Fox stations gave it only 61% coverage. And at least one station that had high hopes for the program has already bailed out.

KOIN, a CBS affiliate in Portland, Ore., had high hopes for "ValueTelevision" ratings. The station also looked forward to its 5% share of the teleshopping vehicle's sales (see *CSA*, January 1987).

But the Portland station cancelled the show three weeks ago.

Sources at Lorimar-Telepictures say the format is being revamped to increase its appeal.

"ValueTelevision" was the first attempt to present a broadcast-quality shopping format over widely available TV channels. Its stumble is bound to be noted by the major networks, all of whom were rumored to be considering their own shopping shows at the time it debuted.

## Chicago next site for Ward superstore

Montgomery Ward is getting ready to take on its home market of Chicago. The former catalog chain, which now prefers to be called a specialty merchant, has picked the Windy City as the next market to get one of its new electronics/major appliance superstores. Ward opened its first stand-alone superstore in Ocean-side, Calif., in March.

The future site on Golf Road in suburban Chicago was picked up by Ward when Highland Superstores dropped out of a real estate negotiation. Montgomery Ward president/ceo Bernard Brennan announced the new store site at a meeting of Ward vendors in late April. Brennan met with manufacturers the day before the opening of Ward's latest four specialty stores-under-one-roof Chicago unit on Addison Street.

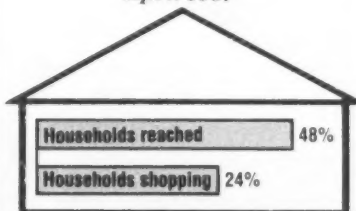
Nor will the proposed Golf Road site be the last Montgomery Ward stand-alone superstore for Chicago, according to John Bevan, vp electronics/appliances. Though not revealing

exact numbers, Bevan says that Chicago will be the next market to get Ward's full specialty look, including an unspecified number of stand-alone electronics/appliance superstores.

The current major players in the Chicago electronics and major appliance market include Highland Superstores and Fretters, both Michigan-based, home grown Polk Brothers and cross-town rival Sears.

## Warehouse clubs score at retail

*Membership warehouse clubs  
April 1987*



*Source: Chain Store Age/Leo J. Shapiro & Associates*

Membership warehouse club operations, currently about 210 units strong, are reaching almost half of the nation.

What's more, 1 in 4 U.S. households has shopped warehouse clubs, 12% of them within the past month.

These statistics highlight a *Chain Store Age*/Leo J. Shapiro & Associates market study of 450 households that points up the dynamic retail force warehouse clubs have become in recent years. It underscores the fact that these relatively few outlets now not only reaching half of the nation's households—48% say there are warehouse clubs in their area—but have also attracted at least trial shopping from one-fourth of them.

The study also shows the mean expenditure is \$82, the median is \$50. Geographically, the study reflects the clubs' concentration in the Sunbelt and metro areas.

From responses, Sam's has moved ahead of Price Club as top chain, with 16% of the households shopping there most recently, compared to Sam's 12%. Other clubs have 6% share or less.

# NEW FORMATS HELP TOP RETAILERS SUCCEED

1986 saw firms turn to specialization, diversification and new merchandising directions for growth. The strategy paid off in healthy sales gains for many stores.

**T**he face of retailing is changing. No longer can retailers be typecast by type and store format. Instead, almost without exception the leading companies in the general merchandise retail field have become a collective force of diversification and entrepreneurship as they reach out to new retail formats and aspire to clone successful departments in their "mother" stores into separate retail entities.

Perhaps the most accomplished practitioner of this new retail vitality is the F. W. Woolworth Co. Just over four years ago at the death of its chairman/ceo, Edward F. Gibbons, many retail observers forecast that Woolworth was mortally wounded and would follow its leader to the grave. Now, with a return on average equity of 15.8%, Woolworth has transformed itself into a consumer driven marketing dynamo, slicing out portions of the consumer pie in apparel, accessories, footwear, stationery, and home furnishings.

The Woolworth example is not unique. A look at the Top 15 retailers shows that nearly half of them have expanded beyond their basic operations of five years ago and that another five have dramatically altered their corporate makeup within the last year.

Just as Woolworth has embraced the specialty store concept, Mont-



*Woolworth chairman/ceo Harold E. Sells at Herald Square.*

gomery Ward has reconfigured itself into a series of specialty shops. The result has been Lazarus-like, Lazarus as in "risen from the dead", not as in F. R. Lazarus, the Columbus, Ohio-based department store that Federated has merged with Shillito Rikes.

Ward posted the highest earnings in its history, an accomplishment that grew out of its closing of its catalog business, its departure from many of its core businesses including hardware, and its determination to match specialty stores in assortments and quality in the lines where it has chosen to remain competitive.

Television home shopping has caught the interest of at least four retailers. Sears, Roebuck, & Co.,

K mart, J. C. Penney and Dayton Hudson have all taken to the airwaves in their attempts to not only gain a foothold in the nascent retail concept but also to learn more about its growth potential. Equity stakes have been taken by K mart and Penney, while Sears continues to not only provide product to the QVC Network but also to explore videotex potential with IBM.

Moreover, Sears and Penney have made moves to expand their specialty store interests. Penney, which two years ago bought a 20% interest in Alcott & Andrews, a women's career apparel chain, has acquired a 20% equity in Beeba's Creations, Inc., a junior

sportswear supplier. Penney plans to work with Beeba in forming junior sportswear specialty shops inside some 100 Penney stores in early 1988. Also on the drawing board are freestanding stores.

While specialty stores have grown up around it and taken away considerable chunks of its market share, Sears has been slow to join the specialty store fray. True, it does have business center stores engaged in computer sales. And it also has 32 paint and hardware stores with plans to open 57 more this year.

But these chains have been no more weighty than a fly on an elephant. And Sears recently announced it will close 41 of the 102 business centers as it concentrates

## Top 15 retailers convert higher sales into bigger profit gains

| Company                             | 1985 Volume<br>(\$00 omitted) | 1986 Volume<br>(\$00 omitted) | % Sales gain | 1985 Earnings<br>(\$00 omitted) | 1986 Earnings<br>(\$00 omitted) | % Earnings change | Earnings as % of sales |
|-------------------------------------|-------------------------------|-------------------------------|--------------|---------------------------------|---------------------------------|-------------------|------------------------|
| 1. Sears, Roebuck                   | \$ 26,327,000                 | \$ 27,574,000                 | + 4.8        | \$ 766,000                      | \$ 784,000                      | + 2.3             | 2.7                    |
| 2. K mart <sup>1</sup>              | 22,835,900                    | 23,812,000                    | + 4.1        | 472,000                         | 570,000                         | + 20.8            | 2.4                    |
| 3. J.C. Penney                      | 13,747,000                    | 14,742,000                    | + 7.2        | 385,000                         | 487,000                         | + 26.5            | 3.5                    |
| 4. Wal-Mart                         | 8,461,488                     | 11,908,876                    | +40.5        | 327,473                         | 456,986                         | + 37.4            | 3.8                    |
| 5. May Dept. Stores                 | 6,411,000                     | 10,328,000                    | + 57         | 347,000                         | 391,000                         | + 12.5            | 2.7                    |
| 6. Dayton Hudson <sup>1,2</sup>     | 8,255,300                     | 8,258,100                     | +12.2        | 286,500                         | 265,000                         | - 7.1             | 2.8                    |
| 7. F.W. Woolworth                   | 5,194,000                     | 5,980,700                     | + 15.1       | 291,400                         | 393,000                         | + 34.9            | 7.7                    |
| 8. F.W. Woolworth                   | 5,958,830                     | 6,581,000                     | + 10.1       | 177,000                         | 214,000                         | + 20.9            | 3.3                    |
| 9. Zayre Corp.                      | 4,004,910                     | 5,000,000                     | + 25.0       | 50,000                          | 70,000                          | + 40.0            | 1.7                    |
| 10. Metville                        | 4,774,800                     | 5,262,304                     | +10.2        | 210,812                         | 238,332                         | + 13.1            | 4.5                    |
| 11. R.H. Macy <sup>2</sup>          | 4,000,000                     | 4,350,000                     | + 8.8        | 198,000                         | 221,000                         | + 11.6            | 4.7                    |
| 12. Allied Stores <sup>2</sup>      | 4,135,000                     | 4,434,500                     | + 7.2        | 158,275                         | 141,000                         | - 11.5            | 3.2                    |
| 13. Montgomery Ward                 | 3,300,000                     | 4,000,000                     | +21.2        | 42,000                          | 100,000                         | +142.4            | 2.4                    |
| 14. Carter Hawley Hale <sup>2</sup> | 3,877,913                     | 4,089,794                     | + 5.5        | 48,825                          | 47,815                          | - 2.1             | 1.2                    |
| 15. The Limited                     | 3,387,710                     | 3,742,000                     | +10.7        | 140,317                         | 207,700                         | +48.7             | 7.2                    |
| Totals and averages                 | 121,442,090                   | 143,405,874                   | + 8.9        | 4,266,440                       | 4,827,387                       | + 13.1            | 3.4                    |

<sup>1</sup>Excludes department stores<sup>2</sup>Includes department stores and general merchandise sales and operating earnings only<sup>3</sup>Earnings before interest and taxes

on using outside salesmen to generate volume rather than walk-in traffic. Last year the business centers reportedly failed to make a profit on estimated sales of \$250 million.

Market watchers are waiting to see the impact Alfred Goldstein will have on the \$27 billion retail giant. Goldstein, a former Sears executive who mastered the specialty store business while working for American Can (now Primerica), came back to Sears earlier this year with the responsibility for juicing up Sears' participation in the specialty store bonanza.

It would take several acquisitions or startups to make an impact on Sears' balance sheet. Goldstein's return indicates that the Chicago-based retailer has, at least in theory, committed itself to specialty store growth.

K mart went through expansion pangs earlier in this decade, what with its start up and/or acquisition of Furr's and Bishop's Cafeterias, Designer Depot, Garment Rack, Abra K Dabra pizza parlors, Builders Square, Bargain Harolds, Waldenbooks and Payless Northwest Drug Stores.

K mart failed on the first five to find synergy and acceptable profitability. But on the last four it has more hopes of shifting some of the burden of profitability off of the shoulders of the discount stores.

Perhaps no company has been as successful as Woolworth in redirect-

## Retailers shift sales and profit emphasis away from core

| Company<br>(core business)                | Core business % of total sales |      | Core business % of total operating income |      |
|-------------------------------------------|--------------------------------|------|-------------------------------------------|------|
|                                           | 1982                           | 1985 | 1982                                      | 1985 |
| Carter Hawley Hale<br>(department stores) | 69                             | 73   | 55                                        | 57   |
| Dayton Hudson<br>(department stores)      | 28                             | 17   | 27                                        | 25   |
| General<br>(department stores)            | 78                             | 85   | 9                                         | 9    |
| K mart<br>(discount stores)               | 97                             | 89   | 89                                        | 87   |
| R. H. Macy<br>(department stores)         | 100                            | 100  | 100                                       | 100  |
| May<br>(department stores)                | 72                             | 63   | 75                                        | 64   |
| Sears<br>(general merchandise)            | 100                            | 95   | 100                                       | 100  |
| Wal-Mart<br>(discount stores)             | 100                            | 86   | 100                                       | 93   |
| F. W. Woolworth<br>(variety stores)       | 74                             | 66   | 81                                        | 66   |
| Zayre<br>(discount stores)                | 76                             | 57   | 54                                        | 50   |

Source: Chain Store Age, General Merchandise Trends

ing its sales and profits away from its core business. Back in 1982, 74% of the retailer's sales came from its core general merchandise variety store business. Last year that slipped to 66%.

More importantly, Woolworth's specialty stores increased their contribution to operating profits from 39% to 52% during that time period.

"In the last four to five years we have changed the complexion of our business quite noticeably," says Harold E. Sells, Woolworth's chair-

man/ceo. "The ultimate objective is to radically change the company from how it was constituted five years ago."

Woolworth has accomplished this objective through acquisitions and internal startups. Most interesting are the startups because they rely on the more than 100 years of expertise Woolworth has gained in general merchandise retailing.

With a surgeon's precision, the merchants in the Cathedral of Commerce in New York have carved out



# STATE OF THE INDUSTRY

niche specialty stores from the multitude of departments found in a traditional variety store. Their scalpels have sliced out stores dedicated to stationery, jewelry and accessories, framing, and cosmetics.

Herald Square is a stationery store that is in its embryonic stage. Part Staples-part Arcadia when it first opened last year, the three-store test is undergoing some further tinkering. Woolworth is giving it a decidedly more Arcadia look as it stocks up on more party goods and unique gift merchandise and downplays traditional stationery items.

Sells hopes that Herald Square will take off as Afterthoughts has. Begun just two years ago, Afterthoughts had 129 stores at the close of the last fiscal year. Woolworth plans to almost double that number in the U. S. and Canada by the end of this year.

Afterthoughts, which sells fashion costume jewelry and accessories in 800 square feet, is typical of the way Woolworth has attacked growth from within. Many of its locations have come from excess space in Woolworth stores in major malls. Like variety stores which require heavy traffic for sales and profits, Afterthoughts relies on these prime area locations that encourage browsing and impulse buying of its more than 5,000 pairs of earrings and rings, necklaces, bracelets, handbags and accessories.

Recycling space is nothing new to Woolworth. In the last four years it has converted selling space in 346 stores to new formats. During that same time period Woolworth added 17 new formats, bringing its specialty store stable to 30 formats.

With 4,614 specialty stores as of Jan. 31, 1987, Woolworth was the largest operator of diversified specialty stores in the world. It opened 666 specialty units last year and expects to open the doors on a comparable number this year.

Specialty stores have proven their worth at the New York-based retailer. Between 1982-86, specialty store units grew by 38%, their sales increased by 61% and their operating profits zoomed ahead by 140%. In 1991, according to Sells, specialty stores could account for 46% of sales and almost two-thirds of operating income.

While Woolworth has been transforming itself into a specialty store powerhouse, other members of the Top 15 retailer group have been

busy, too. Both Wal-Mart and May Dept. Stores barreled ahead in the Top 15 standings. In 1982 Wal-Mart

was ranked ninth. Today it is fourth and closing fast on J. C. Penney. Almost all of Wal-Mart's growth

## Dayton Hudson and Dillard's in vanguard of department store surge

| Company                    | % Change Sales | % Change Op. Inc. | Op. Inc. % Sales | Avg. Sales Per Store | Sales Per Gross Sq. Ft. | Op. Inc. Per Gross Sq. Ft. | % Op. Inc. ROA | % Change compound Sales '82-'86 | % Change compound Op. Inc. '82-'86 |
|----------------------------|----------------|-------------------|------------------|----------------------|-------------------------|----------------------------|----------------|---------------------------------|------------------------------------|
| Dayton Hudson <sup>1</sup> | + 7.5          | + 36.1            | 10.6             | 42,332,432           | 200                     | 21.13                      | 22.4           | + 3.8                           | + 9.7                              |
| Dillard's                  | + 15.2         | + 13.1            | 7.8              | 11,342,500           | 197                     | 16.43                      | 16.1           | + 27.3                          | + 28.3                             |
| Federated <sup>1</sup>     | + 4.3          | + 1.1             | 9.0              | 31,557,919           | 166                     | 14.07                      | 14.7           | + 6.5                           | + 6.2                              |
| K. H. Macy                 | + 8.5          | + 1.3             | 16.3             | 34,187,000           | 156                     | 29.36                      | 22.7           | + 11.3                          | + 16.4                             |
| May Co. <sup>1</sup>       | + 6.1          | + 5.5             | 9.1              | 22,166,729           | 131                     | 12.03                      | 15.4           | + 7.4                           | + 8.0                              |
| Worthington                | + 7.9          | + 11.2            | 10.3             | 29,079,131           | 168                     | 26.66                      | 12.3           | + 9.2                           | + 11.1                             |
| Composite                  | + 6.3          | + 8.2             | 9.3              | 27,664,992           | 152                     | 14.10                      | 16.4           | + 6.8                           | + 9.4                              |

<sup>1</sup>Department stores only

## Banner year for Penney and Ward highlights Big 3 performance

| Company   | % Change Sales | % Change Op. Inc. | Op. Inc. % Sales | Avg. Sales Per Store     | Sales Per Gross Sq. Ft. | Op. Inc. Per Gross Sq. Ft. | % Op. Inc. ROA | % Change compound Sales '82-'86 | % Change compound Op. Inc. '82-'86 |
|-----------|----------------|-------------------|------------------|--------------------------|-------------------------|----------------------------|----------------|---------------------------------|------------------------------------|
| Penney    | + 7.3          | + 21.1            | 9.8              | 319,068,320 <sup>1</sup> | 300 <sup>2</sup>        | 316.42                     | 11.4           | + 9.9                           | + 7.1                              |
| Sears     | + 2.5          | + 16.4            | 3.8              | 19,738,318 <sup>1</sup>  | 139                     | 7.33                       | 16.2           | + 4.1                           | + 0.1                              |
| Ward      | + 10.3         | + 9.9             | 8.6              | 15,361,100               | 112                     | 9.88                       | 11.3           | + 9.9                           | + 21.1                             |
| Composite | + 6.8          | + 14.4            | 8.1              | 16,956,407 <sup>2</sup>  | 116 <sup>3</sup>        | 9.04                       | 10.9           | + 3.4                           | + 6.0                              |

<sup>1</sup>J. C. Penney Company

<sup>2</sup>Ward's Department Store

<sup>3</sup>Source: Chain Store Age research/annual reports

## Venture and Jamesway keep getting better; Caldor, Gold Circle struggle

| Company            | % Change Sales | % Change Op. Inc. | Op. Inc. % Sales | Avg. Sales Per Store | Sales Per Gross Sq. Ft. | Op. Inc. Per Gross Sq. Ft. | % Op. Inc. ROA | % Change compound Sales '82-'86 | % Change compound Op. Inc. '82-'86 |
|--------------------|----------------|-------------------|------------------|----------------------|-------------------------|----------------------------|----------------|---------------------------------|------------------------------------|
| Jamesway           | + 16.5         | + 34.4            | 3.8              | 311,700,870          | 3163                    | 8.43                       | 9.8            | + 21.1                          | + 2.1                              |
| Caldor             | + 5.4          | + 16.7            | 5.3              | 12,698,214           | 135                     | 7.16                       | 14.1           | + 11.1                          | + 4.9                              |
| Gold Circle        | + 5.4          | + 18.3            | 5.3              | 12,762,300           | 137                     | 8.36                       | 9.8            | + 6.2                           | + 3.1                              |
| Jamesway           | + 17.1         | + 42.6            | 4.7              | 6,412,482            | 110                     | 5.37                       | 11.7           | + 16.5                          | + 16.2                             |
| Proctor            | + 8.3          | + 23.3            | 3.2              | 16,179,700           | 146                     | 6.73                       | 10.1           | + 9.4                           | + 19.3                             |
| Ross's             | + 18.8         | + 29.9            | 4.2              | 5,628,836            | 117                     | 4.94                       | 12.7           | + 16.3                          | + 21.3                             |
| Target             | + 19.0         | + 12.9            | 7.1              | 10,462,360           | 167                     | 13.36                      | 14.3           | + 16.3                          | + 16.3                             |
| Venture            | + 12.5         | + 37.9            | 7.1              | 17,779,823           | 166                     | 11.21                      | 16.3           | + 15.2                          | + 27.8                             |
| Wal-Mart           | + 39.3         | + 36.3            | 8.3              | 11,136,300           | 182                     | 16.32                      | 21.9           | + 37.3                          | + 37.3                             |
| Kay's <sup>1</sup> | + 15.5         | + 8.5             | 4.3              | 6,715,994            | 120                     | 5.13                       | 11.4           | + 17.2                          | + 13.8                             |
| Composite          | + 12.9         | + 23.9            | 6.1              | 16,672,332           | 164                     | 9.45                       | 16.8           | + 13.9                          | + 27.1                             |

<sup>1</sup>Department stores only

Source: Chain Store Age research/annual reports





has come from its discount store division. But Wal-Mart is a company that loves to experiment, and when it hits upon a successful formula it aggressively pursues development. Its Sam's Wholesale Club division was begun as a test in 1983 with just three units. At the end of the last fiscal year there were 49 clubs in operation producing sales of \$1.678 billion. Twenty new warehouses are scheduled for this year.

Wal-Mart also is expanding its dot discount drug stores, with six more units slated for this year on its base of six stores. More importantly, the Bentonville, Ark.-based retailer will experiment with a hypermarket concept.

Two hypermarkets will open as a joint venture with Cullum Cos. and two will be opened independently by Wal-Mart. Hypermarkets have the potential for sales in excess of \$50 million per unit, thus giving Wal-Mart another strong growth vehicle if they prove successful.

May Dept. Stores went from eighth to fifth by virtue of its acquisition last year of Associated Dry Goods.

Zayre keeps moving up. Ranked fourteenth a year ago, and seventeenth in 1982, Zayre is now ninth on the list. For the first time The Limited has entered the ranks of the Top 15.

As a group, the Top 15 had a strong year. Sales for the group increased 8.9% over a year ago while earnings jumped 13.1%. Earnings to sales went from 3.2% to 3.4%.

Department stores as a group rebounded smartly from what can only be described as a disappointing year in 1985. In year-to-year com-

**Top 100 chain stores, 1986**

| Rank | Store                | 1985 Sales (\$000,000) | 1986 Sales (\$000,000) | % Sales Change |
|------|----------------------|------------------------|------------------------|----------------|
| 1    | Wal-Mart Stores Inc. | \$ 25,982,100          | \$ 27,874,000          | + 7.3          |
| 2    | Walmart Stores Inc.  | 22,305,000             | 23,912,000             | + 7.2          |
| 3    | Walmart Stores Inc.  | 20,114,000             | 21,300,000             | + 5.9          |
| 4    | Walmart Stores Inc.  | 19,000,000             | 20,000,000             | + 5.3          |
| 5    | Walmart Stores Inc.  | 18,000,000             | 19,000,000             | + 5.6          |
| 6    | Walmart Stores Inc.  | 17,000,000             | 18,000,000             | + 5.9          |
| 7    | Walmart Stores Inc.  | 16,000,000             | 17,000,000             | + 6.3          |
| 8    | Walmart Stores Inc.  | 15,000,000             | 16,000,000             | + 6.7          |
| 9    | Walmart Stores Inc.  | 14,000,000             | 15,000,000             | + 7.1          |
| 10   | Walmart Stores Inc.  | 13,000,000             | 14,000,000             | + 7.7          |
| 11   | Walmart Stores Inc.  | 12,000,000             | 13,000,000             | + 8.3          |
| 12   | Walmart Stores Inc.  | 11,000,000             | 12,000,000             | + 9.1          |
| 13   | Walmart Stores Inc.  | 10,000,000             | 11,000,000             | + 10.0         |
| 14   | Walmart Stores Inc.  | 9,000,000              | 10,000,000             | + 11.1         |
| 15   | Walmart Stores Inc.  | 8,000,000              | 9,000,000              | + 12.5         |
| 16   | Walmart Stores Inc.  | 7,000,000              | 8,000,000              | + 14.3         |
| 17   | Walmart Stores Inc.  | 6,000,000              | 7,000,000              | + 16.7         |
| 18   | Walmart Stores Inc.  | 5,000,000              | 6,000,000              | + 20.0         |
| 19   | Walmart Stores Inc.  | 4,000,000              | 5,000,000              | + 25.0         |
| 20   | Walmart Stores Inc.  | 3,000,000              | 4,000,000              | + 33.3         |
| 21   | Walmart Stores Inc.  | 2,000,000              | 3,000,000              | + 50.0         |
| 22   | Walmart Stores Inc.  | 1,000,000              | 2,000,000              | + 100.0        |
| 23   | Walmart Stores Inc.  | 500,000                | 1,000,000              | + 100.0        |
| 24   | Walmart Stores Inc.  | 250,000                | 500,000                | + 100.0        |
| 25   | Walmart Stores Inc.  | 125,000                | 250,000                | + 100.0        |
| 26   | Walmart Stores Inc.  | 62,500                 | 125,000                | + 100.0        |
| 27   | Walmart Stores Inc.  | 31,250                 | 62,500                 | + 100.0        |
| 28   | Walmart Stores Inc.  | 15,625                 | 31,250                 | + 100.0        |
| 29   | Walmart Stores Inc.  | 7,812                  | 15,625                 | + 100.0        |
| 30   | Walmart Stores Inc.  | 3,906                  | 7,812                  | + 100.0        |
| 31   | Walmart Stores Inc.  | 1,953                  | 3,906                  | + 100.0        |
| 32   | Walmart Stores Inc.  | 976                    | 1,953                  | + 100.0        |
| 33   | Walmart Stores Inc.  | 488                    | 976                    | + 100.0        |
| 34   | Walmart Stores Inc.  | 244                    | 488                    | + 100.0        |
| 35   | Walmart Stores Inc.  | 122                    | 244                    | + 100.0        |
| 36   | Walmart Stores Inc.  | 61                     | 122                    | + 100.0        |
| 37   | Walmart Stores Inc.  | 30                     | 61                     | + 100.0        |
| 38   | Walmart Stores Inc.  | 15                     | 30                     | + 100.0        |
| 39   | Walmart Stores Inc.  | 7                      | 15                     | + 100.0        |
| 40   | Walmart Stores Inc.  | 3                      | 7                      | + 100.0        |
| 41   | Walmart Stores Inc.  | 1                      | 3                      | + 200.0        |
| 42   | Walmart Stores Inc.  | 0                      | 1                      | + 100.0        |
| 43   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 44   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 45   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 46   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 47   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 48   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 49   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 50   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 51   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 52   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 53   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 54   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 55   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 56   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 57   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 58   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 59   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 60   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 61   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 62   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 63   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 64   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 65   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 66   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 67   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 68   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 69   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 70   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 71   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 72   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 73   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 74   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 75   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 76   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 77   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 78   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 79   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 80   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 81   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 82   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 83   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 84   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 85   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 86   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 87   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 88   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 89   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 90   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 91   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 92   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 93   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 94   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 95   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 96   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 97   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 98   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 99   | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |
| 100  | Walmart Stores Inc.  | 0                      | 0                      | + 0.0          |

parisons of key financial yardsticks assembled by *Chain Store Age*, department stores as a class posted higher results.

(The nine yardsticks *CSA* uses measure not only year-to-year performance but also long term sales and operating earnings growth. On a year-to-year basis *CSA* measures sales and operating earnings gains, operating earnings as a percent of sales, average store sales, sales and operating income per average gross square foot, and operating income return on end of year total assets. To gauge long term performance, compound growth rates are computed for sales and operating earnings for the time period 1982-86.

Whenever possible, *CSA* uses figures that represent the different formats of retailing within diversified companies. For example, only department store results are included in the Federated analysis appearing in the department store chart. Only Gold Circle's results are included in the discount store chart.)

It is hard to find any chinks in the armor surrounding Dillard's. Despite tackling what for many companies would have been an overwhelming burden of acquisitions over the last two years, Dillard's continues to excel. But there is still room for improved performance.

Dillard's average store sales of just over \$17 million is much lower than the average department store. To some extent that figure is a captive of Dillard's past when it grew up in small towns throughout the Southwest. But as Wal-Mart has shown in the discount store field, small stores in small towns does not mean that sales results need be small. Wal-Mart's average store sales exceed the discount store industry's. And the discounter's sales per gross square foot lead the segment, while Dillard's brings up the rear in the department store field.

Dayton Hudson's department stores broke the \$200 sales per square foot sales barrier last year, the first major department store chain to achieve that plateau.

Consolidation of the Dayton and Hudson units appears to be paying off as operating expense rates improved, as did gross margins. Dayton Hudson's commitment to the department store field seems firm with the remodeling of 10 Hudson's stores and three Dayton's this year, more remodelings in any prior year.

May Dept. Stores has worked

# Top 100 chain stores, 1986

| Rank | Store                           | 1985 Sales<br>(000 omitted) | 1985 Stores | 1986 Sales<br>(000 omitted) | 1986 Stores | % Sales change |
|------|---------------------------------|-----------------------------|-------------|-----------------------------|-------------|----------------|
| 14   | Dayton Hudson (Hale's) (L.A.)   | \$ 3,977,913                | 302         | \$ 4,088,784                | 304         | + 2.8          |
|      | • Broadway St. Calif.           | 1,000,000                   | 41          | 1,000,000                   | 43          | + 5.0          |
|      | • Hudson's-Macy's               | 800,000                     | 22          | 800,000                     | 22          | N/C            |
|      | • Kaufmann's Capital            | 600,000                     | 22          | 700,000                     | 22          | + 2.2          |
|      | • Woodward's                    | 270,000                     | 12          | 275,000                     | 12          | + 1.9          |
|      | • The Forum                     | 270,000                     | 20          | 270,000                     | 20          | N/C            |
|      | • Woodward's Southland          | 200,000                     | 12          | 215,000                     | 12          | + 7.5          |
|      | • Dillard's Canada              | 100,000                     | 100         | 120,000                     | 100         | + 13.2         |
|      | • Douglas Goodman               | 100,000                     | 1           | 110,000                     | 1           | + 10.0         |
| 15   | Wm. Limited (Columbus)          | 2,387,170                   | 2,350       | 3,142,000                   | 2,362       | + 31.7         |
| 16   | Lordy Corp. (Fort Worth)        | 2,585,000                   | 7,004       | 2,585,000                   | 7,132       | + 17.0         |
| 17   | The Price Club (San Diego)      | 1,000,000                   | 21          | 2,000,503                   | 20          | + 41.3         |
| 18   | Service Merchandise (Baltimore) | 2,224,000                   | 300         | 2,527,300                   | 313         | + 12.6         |
| 19   | SATCO (Cincinnati)              | 2,174,954                   | 134         | 2,471,954                   | 157         | + 13.7         |
|      | • Sales                         | 900,000                     | 41          | 1,140,000                   | 44          | + 14.5         |
|      | • Marshall Field                | 700,000                     | 21          | 900,000                     | 20          | + 14.0         |
|      | • Jany's                        | 237,000                     | 24          | 250,000                     | 26          | + 9.7          |
|      | • Brannons                      | 100,000                     | 17          | 170,000                     | 17          | + 1.2          |
| 20   | Target "T" (St. Louis)          | 1,676,134                   | 273         | 2,444,003                   | 340         | + 23.7         |
| 21   | Wal-Mart (Fayetteville, N.C.)   | 2,234,700                   | 210         | 2,142,110                   | 194         | - 0.4          |
| 22   | Walt (Charlotte, N.C.)          | 1,950,000                   | 300         | 2,115,000                   | 300         | + 8.5          |
| 23   | Overstock (N.Y.)                | 1,000,000                   | 50          | 2,020,202                   | 50          | + 7.9          |
|      | • Sayers                        | 315,000                     | 11          | 340,000                     | 12          | + 7.9          |
|      | • Wal-Mart's                    | 325,000                     | 9           | 335,000                     | 9           | + 9.2          |
|      | • Jones                         | 195,000                     | 7           | 210,000                     | 7           | + 7.7          |
|      | • Country Store                 | 195,000                     | 11          | 205,000                     | 11          | + 5.1          |
|      | • Judd's                        | 185,000                     | 11          | 190,000                     | 11          | + 2.7          |
|      | • Sayers/Montgomery Fair        | 150,000                     | 5           | 155,000                     | 5           | + 3.3          |
|      | • Sayers's                      | 140,000                     | 5           | 150,000                     | 5           | + 7.1          |
|      | • J. B. White                   | 130,000                     | 7           | 130,000                     | 7           | + 3.0          |
|      | • Linn                          | 110,000                     | 2           | 120,000                     | 2           | + 9.1          |
| 24   | Wal-Mart (Ocala, Fla.)          | 1,020,007                   | 100         | 1,073,000                   | 100         | + 10.0         |
| 25   | Wal-Mart's (Little Rock)        | 1,001,357                   | 101         | 1,051,423                   | 110         | + 10.0         |
| 26   | Food Buyer (Portland)           | 1,583,790                   | 34          | 1,600,200                   | 34          | + 5.3          |
| 27   | Wal-Mart's (Seattle)            | 1,301,057                   | 32          | 1,320,010                   | 30          | + 25.2         |
| 28   | Winn-Dixie (Hialeah, Fla.)      | 821,000                     | 100         | 1,012,740                   | 450         | + 84.0         |
| 29   | J. B. White Corp. (Cincinnati)  | 1,014,910                   | 2,047       | 1,000,200                   | 2,267       | + 10.3         |
| 30   | WGA (Hills)                     | 1,213,700                   | 120         | 1,343,100                   | 130         | + 10.7         |
| 31   | Wal-Mart (Hialeah, Fla.)        | 1,200,000                   | 30          | 1,300,000                   | 30          | + 8.3          |
| 32   | Winn-Dixie (Tampa)              | 1,002,000                   | 2,000       | 1,200,000                   | 2,000       | + 11.7         |
| 33   | Winn-Dixie (Hialeah, Fla.)      | 1,000,200                   | 204         | 1,100,041                   | 322         | + 10.0         |
| 34   | Winn-Dixie (Hialeah, Fla.)      | 1,100,041                   | 1,345       | 1,100,301                   | 1,374       | + 3.2          |
| 35   | Wal-Mart (Hialeah, Fla.)        | 900,000                     | 720         | 1,000,000                   | 1,000       | + 11.1         |
| 36   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 37   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 38   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 39   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 40   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 41   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 42   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 43   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 44   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 45   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 46   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 47   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 48   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 49   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 50   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 51   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 52   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 53   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 54   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 55   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 56   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |
| 57   | Wal-Mart (Hialeah, Fla.)        | 700,000                     | 90          | 1,010,000                   | 97          | + 43.4         |

hard to integrate the ADG units with apparently sound results. Though most yardsticks dipped in comparison to a year ago, the slip pages were small.

On the discount store side, May's Venture division pulled even with Dayton Hudson's Target in the important ratio of operating earnings to sales. Of course, Target was absorbing the opening of 21 stores, compared to Venture's addition of just three, and the opening of its fifth distribution center.

Still, Venture has a lot to be proud of. Its average store sales are second only to Target and the gap is narrowing. Last year it closed the gap by some 30%. Operating income per gross square foot also drew closer. And Venture topped Target in operating income return on total assets.

Bradlees achieved a solid rebound, though its operating income of \$56.6 million is still considerably below the high water mark of \$85.2 million recorded in 1984.

Rose's continues to make progress, though it still is below average in sales per store, sales per square foot and operating income per square foot.

Two Northeast chains, Zayre and Caldor, failed to turn higher sales into greater profits. Their slumps negatively impacted year-to-year comparisons.

The Top 100 chains increased their store count by 9.9% and their sales by 12.9%. The sales volume topped the \$200 billion level for the first time.

Warehouse wholesale clubs have become a bigger portion of the Top 100 sales pie. With 3.8% of total sales, the clubs tripled their representation of a year ago.

Hard lines specialty stores accounted for just 6.7% of the Top 100 volume, compared to 8.7% last year.

Similar to last year, the leading discount stores made up the largest portion of the pie with 27.3%, followed by the Sears-Penney-Ward group with 21.4%, and department stores with 20.9%.

In the last year retailing has lost numerous venerable merchants, including Associated Dry Goods, Gimbel's, T. G. & Y., Gemco, Almy's, Howard Bros., and Ohrbach's.

As the pace of retailing accelerates, more old-time names are bound to join the list of the departed, even as new nameplates are added. □

Top 100 chain stores, 1986

| Rank | Store                                          | 1985 Sales<br>(000 omitted) | 1985 Stores   | 1986 Sales<br>(000 omitted) | 1986 Stores   | % Sales change |
|------|------------------------------------------------|-----------------------------|---------------|-----------------------------|---------------|----------------|
| 58   | Woodward & Lothrop<br>(Washington, D.C.)       | \$ 470,403                  | 10            | \$ 466,726                  | 11            | + 5.6          |
| 59   | Family Dollar<br>(Charlotte, N.C.)             | 418,000                     | 620           | 487,734                     | 1,107         | + 16.6         |
| 60   | General Mills<br>(Minneapolis)                 | 373,000                     | 132           | 474,300                     | 182           | + 30.5         |
| 61   | Frederick Group<br>(City of Lancaster, Calif.) | 363,633                     | 80            | 430,290                     | 85            | + 18.3         |
| 62   | C. H. Anthony<br>(Oklahoma City)               | 416,932                     | 270           | 411,330                     | 290           | - 1.3          |
| 63   | Swanwick's Stores<br>(Birmingham, Ala.)        | 181,100                     | 110           | 307,200                     | 210           | +110.2         |
| 64   | Seigler's (Pawnee, Ill.)                       | 362,000                     | 31            | 360,000                     | 30            | + 10.3         |
| 65   | Northgate Food Factory<br>(Birmingham, N.Y.)   | 343,113                     | 70            | 391,702                     | 73            | + 11.5         |
| 66   | Food Warehouse (Dryden)<br>(Sarasota, Fla.)    | 362,103                     | 200           | 360,000                     | 220           | + 8.1          |
| 67   | Calumet<br>(Chicago)                           | 330,162                     | 80            | 279,610                     | 80            | + 12.6         |
| 68   | Seer's (Allentown, Pa.)                        | 330,700                     | 60            | 367,300                     | 60            | + 11.1         |
| 69   | Cray Radio<br>(Newark, N.Y.)                   | 282,300                     | 80            | 302,000                     | 80            | + 24.4         |
| 70   | DeLong's (Lafayette)<br>(Baltimore, Md.)       | 362,000                     | 100           | 344,430                     | 100           | - 5.5          |
| 71   | Franks (Piquette)<br>(Grand Bay)               | 290,000                     | 80            | 330,000                     | 100           | + 14.0         |
| 72   | Mullan's<br>(Livonia, Mich.)                   | 199,000                     | 70            | 331,000                     | 80            | + 66.3         |
| 73   | Smith's<br>(Jacksonville, Fla.)                | 338,812                     | 140           | 325,441                     | 140           | - 4.2          |
| 74   | Chapman's (Houston)                            | 312,201                     | 200           | 322,000                     | 210           | + 3.4          |
| 75   | S. E. Nichols (N.Y.)                           | 300,000                     | 40            | 310,000                     | 40            | + 2.9          |
| 76   | House of Fabrics<br>(Van Nuys, Calif.)         | 296,743                     | 700           | 310,300                     | 700           | + 10.0         |
| 77   | Leachman Stores<br>(Jackson, Mich.)            | 275,030                     | 80            | 300,400                     | 80            | + 12.2         |
| 78   | STACCT (Tulsa)                                 | 280,000                     | 200           | 307,000                     | 200           | + 9.6          |
| 79   | Ph. M. Sore (L.A.)                             | 278,072                     | 90            | 305,546                     | 90            | + 9.9          |
| 80   | Western Auto<br>(Kansas City)                  | 249,249                     | 210           | 303,067                     | 220           | + 21.6         |
| 81   | Metro (Cincinnati)                             | 240,000                     | 6             | 300,000                     | 6             | + 25.0         |
| 82   | Hibbs (Cleveland)                              | 280,770                     | 15            | 290,840                     | 15            | + 0.6          |
| 83   | Spencer Gifts<br>(Pittsfield, Mass.)           | 281,272                     | 60            | 299,624                     | 60            | + 2.7          |
| 84   | Loft's<br>(Burlington, Mass.)                  | 200,000                     | 30            | 200,000                     | 30            | + 7.5          |
| 85   | Janet Laksaro<br>(Philadelphia)                | 246,876                     | 30            | 282,067                     | 30            | + 14.9         |
| 86   | Seigler's<br>(Reading, Pa.)                    | 290,000                     | 15            | 290,000                     | 15            | + 12.0         |
| 87   | Proffer<br>(Livonia, Mich.)                    | 214,200                     | 30            | 272,000                     | 30            | + 27.2         |
| 88   | J. H. Holmes<br>(New Orleans)                  | 272,819                     | 12            | 270,434                     | 12            | - 0.8          |
| 89   | Harj Imports<br>(Supercenter Wholesale)        | 200,000                     | 300           | 261,431                     | 300           | + 20.2         |
| 90   | Warehouse (Baton Rouge)                        | 76,900                      | 6             | 254,200                     | 11            | +230.6         |
| 91   | J. S. Industries<br>(Liberty House)            | 228,000                     | 10            | 262,000                     | 10            | + 10.0         |
| 92   | Liberty House<br>(Hawthorne)                   | 228,822                     | 30            | 290,400                     | 30            | + 9.6          |
| 93   | S. Aronson (N.Y.)                              | 240,000                     | 3             | 240,000                     | 3             | N/C            |
| 94   | East Bay<br>(Bloomington, Ill.)                | 113,100                     | 15            | 230,000                     | 15            | +111.0         |
| 95   | Edel Comics<br>(Cleveland)                     | 233,163                     | 670           | 230,302                     | 680           | + 2.7          |
| 96   | Community Distrib. - U. S.<br>(Chicago, N.Y.)  | 226,000                     | 10            | 236,000                     | 10            | + 4.4          |
| 97   | Joseph Horne<br>(Pittsburgh)                   | 282,000                     | 10            | 228,000                     | 10            | + 12.0         |
| 98   | Parsons<br>(Birmingham, Ala.)                  | 184,400                     | 10            | 225,400                     | 10            | + 22.6         |
| 99   | Goldman/Walton Bianchi<br>(Baton Rouge)        | 216,300                     | 5             | 224,140                     | 5             | + 3.6          |
| 100  | Seigler's (N.Y.)                               | 215,000                     | 10            | 223,000                     | 10            | + 3.7          |
|      | <b>Total</b>                                   | <b>\$186,217,106</b>        | <b>30,120</b> | <b>\$200,074,910</b>        | <b>32,200</b> | <b>+ 12.9</b>  |

Divisional sales are not duplicated in the tabulation of general merchandise chain totals.

<sup>1</sup> Divisional sales estimated <sup>2</sup> Excludes food/supermarket sales

Source: Chain Store Age research/annual reports.



## Spending plans on a slow rebound

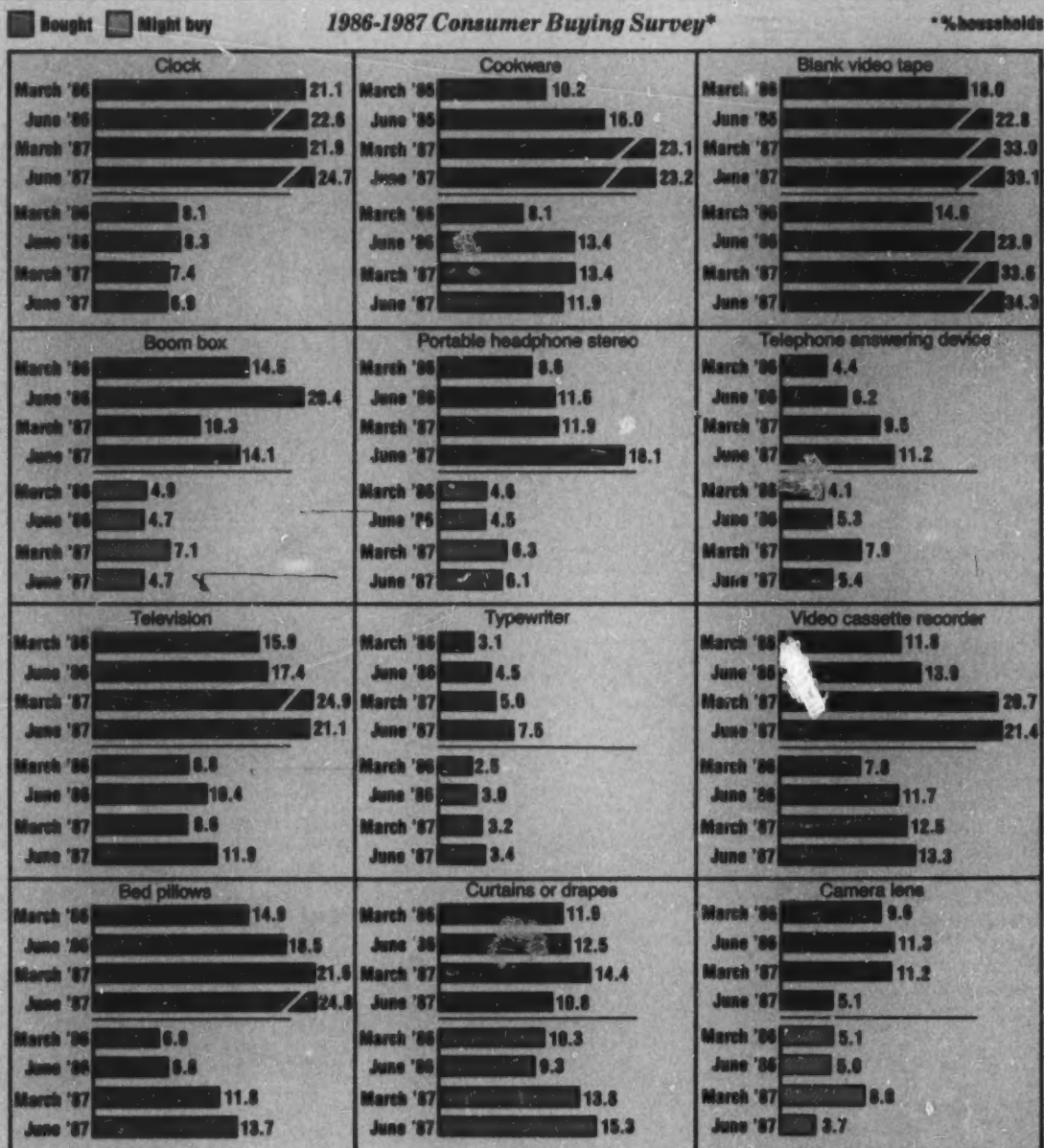
According to the latest *Chain Store Age* MarkeTrends nationwide telephone survey, the best that can be said about the sales outlook for the rest of 1987 is that results will be mixed. Compared to readings from the poll conducted three months ago, five of the 12 products tracked in the current sur-

vey are recording decreases in consumer buying intentions.

However, even those lackluster results can be interpreted as a modest upswing in the customer's buying plans. In both the April and May MarkeTrends polls, the 451 survey families had trimmed back buying plans for a commanding majority of

the products in each of those studies.

Still, a too positive reading of the results would probably prove overly optimistic and would result in serious overstocks before long. Fewer MarkeTrends families now say that they expect to buy a number of high volume categories, including cookware, camera lenses, telephone answering devices, portable headphone audio and boom boxes than reported they would in the March



Source: Chain Store Age/Les J. Shapiro & Associates





*Fewer customers plan to buy a boom box than they did only three months ago.*

1987 survey.

According to the latest research, cookware unit sales have the potential to drop 11% this year. Clocks could fall off 17% in 1987 if the MarkeTrends families follow through on their plans. The best that can be said for boom boxes is that buying intentions are running equal to last year's survey results.

One of the biggest potential losers, according to the MarkeTrends

poll, are camera lenses. Compared to last year, 55% fewer MarkeTrends families say that they expect to buy a camera lens in 1987.

And even some of the product categories showing increases in customer buying plans are recording small gains, at best. For example, based on the most recent MarkeTrends research, video cassette recorder unit sales this year will top 1986 volume by about only 14%.

Though below the brisk pace set over the last five years, the projected 14% gain for VCRs will come as good news after several months in the first half of 1987 when unit sales were running below last year's pace.

Televisions, according to the latest polling, will show a 15% unit sales gain over last year. Typewriters will post a 13% increase, say families in the current MarkeTrends survey.

Surprisingly, the MarkeTrends families are showing some renewed interest in buying portable head-phone audio. Though purchase intentions seem to have peaked in March, the latest reading still presages a 36% potential gain over last year's results. Considering the general softness in the customer's buying plans, however, a gain of that magnitude seems unlikely.

The only department on the clear upswing is home textiles. The textile products in this month's poll—bed pillows and curtains—are posting gains that are outpacing results from both three months and a year ago. □

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The Faberge businesses, primarily haircare, toiletries and fragrances will continue to bear the Faberge name, and be known as "Faberge USA, Inc."

The McGregor/Faberge Licensing Company, the licensing arm of the corporation, will be known as "Global Licensing Company."

All other operating Divisions and Subsidiaries become Divisions and Subsidiaries of Faberge, Incorporated.

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## BOYLE- MIDWAY

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Payments are made for newspaper or handbill featuring, display, and consumer-directed promotion. Details are set forth in specific agreements. Proof of performance (e.g., tear sheets) and proof of delivery (jobber's invoice) are required for payment of allowance. Our merchandising materials consist of display material, newspaper mats and proofs, etc.

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# THE "TRUTH" ABOUT BLANK VCR TAPE

Customers are proving that some of the most widely held assumptions about the industry—quality grades, store destinations and brand names—prove to be false.

**W**hat do these four statements have in common? The better educated and higher income shopper is more likely to understand the difference between high grade video tapes and regular video tapes. The upscale customer is more likely to shop for video tape at an electronics superstore. The specialty store customer will buy more tapes than the discount store shopper. Customers view all brands of tape as the same.

What the four statements have in common is that none of them is true. The latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll indicates that these and many other of the most widely held assumptions about the blank video tape market are, quite simply, false.

Instead, the opposite of each of these statements is true. According to the MarkeTrends poll, upscale customers are less likely to think there really is a difference—other than price—between various supergrades and regular grades of video tape.

Similarly, the upscale customer is more likely to shop for video tape at a discount store rather than at one of the electronics specialists. And the discount store shopper, according to the survey, is more prone to buying tape in multipacks than is his specialty store cousin.

**Where they shop:** In fact, the blank video tape market can best be characterized not by who shops for tape, but by where they shop. The market is rapidly dividing into two very different types of customers: the discount store shopper and everyone else.

Discount stores now thoroughly dominate the market for blank video

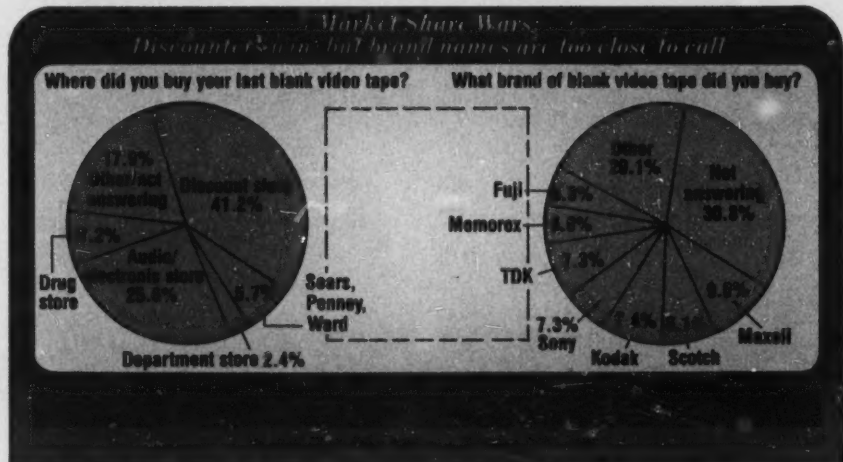
tape as never before. When asked where they bought their last video tape, 41.2% of the MarkeTrends families name a discount store. K mart alone is cited by 13.3% of the survey households.

Audio/video outlets sell to 25.6% of the MarkeTrends families. Sears, Penney and Ward combined are named by 5.7% in the poll, while a department store is cited by 2.4%. Drug stores got the last video tape

chased more than one tape.

And the discount store shopper is also more likely to have bought his last blank video tape while it was on sale. Fifty-nine percent of the discount store customers report that their last buy was at a sale price. Only 39% of the specialty store shoppers in the MarkeTrends survey say that they bought video tape that was on sale.

From what the MarkeTrends



buy from 7.2% in the MarkeTrends poll.

The people who shop at discount stores, according to the MarkeTrends survey, are different—both in demographic characteristics and in shopping habits—from those who buy blank video tape at other types of outlets.

For one, discount store shoppers buy more tapes at one time and tend to pay less per tape than the audio/electronics specialty store customer. The last time out, 74% of the discount store shoppers bought two or more tapes on the same shopping trip. For customers at the audio/video outlets, less than half (49%) say that they pur-

chased more than one tape. families say that they paid for their last tape, it looks like they got a bargain. On the average, discount store shoppers report paying \$4.90 per tape. Those who bought at one of the electronics specialists say that they paid an average \$6.30.

The discount store shopper is also more likely to view video tape as a commodity purchase. According to the MarkeTrends poll, discount store customers are slightly less likely than A-V store shoppers to have even heard of different grades of tape, for example.

In addition, they have less interest in actually paying for a higher grade tape. While the MarkeTrends

families, in general, say that they are willing to spend an average of two dollars more for a high grade tape, nearly half (47%) of discount store shoppers say that they would not pay anything extra for a super-grade tape.

Nor are discount store shoppers particularly enticed by the perceived value-added by the new T-160 length tapes. Again, half of the discount outlet customers say that they would not pay for the extra two hours of recording time that the longer tapes allow. For comparison, only 31% of audio-video store shoppers report that they think the new length is worth paying for (see related story).

**No bad brands:** Regardless of where they buy, customers feel pretty secure that the brand they buy will be a good one, according to the MarkeTrends poll.

When asked to name a brand of video tape that they think is not so good, a whopping 83% of the survey families are unable to come up with an answer.

Naming a good brand of tape, however, presents no such problem. About 6 out of 10 families that have bought video tape within the last year can come up with the name of a video tape brand that they like.

Topping the customer's list of best brands is Maxell, the choice of 15% of the MarkeTrends families that own a video cassette recorder. Following are Sony (13.5%), Kodak (11.7%), Scotch (10.7%), Polaroid (9%), Memorex (8.2%) and TDK (7.8%).

Also receiving mentions as the best brand of video tape are Panasonic (5.3%), RCA (4.5%), Fuji (3.7%), BASF (3.4%) and JVC (2.4%).

The rankings for best brands just about perfectly mirrors the list customers give when asked to name the last tape they bought (see chart).

**End use:** Interestingly, what seems to be influencing where the MarkeTrends families buy tape is how they use the video tape once they get it home. On the average, discount store shoppers record over 14 hours of programming off the television every month. Those who bought at electronics specialty stores recorded about one-third less, or ten hours, according to the survey.

Though discount store customers record more, they are no more likely

than the audio/video store shopper to have created a video library of tapes that they expect to keep for future viewing.

Just over half of each group reports that they will keep part of their tapes as part of a semi-perma-

nent video collection.

Demographically, the person who buys blank video tapes at a discount store is somewhat older, has a higher income and is more likely to be a professional than the customer at an audio/electronics store. □



Audio/video specialty stores sell to 25.6% of the MarkeTrends families.

## Consumers say T-160 tape no bargain

K mart did it with photographic film. Now the same trick is being tried with blank video tape. What K mart did, along with supplier Agfa-Gevaert, was to offer 27-frame private label, color film at the same price as the usual 24-frames.

Customers who buy the film and return it to K mart for processing also receive the three extra prints for free. According to the film manufacturer, the program is a raging success.

BASF, one of those marketing T-160 size tape, which can record up to eight hours of programming instead of the usual six, is reporting similar success in trying to add value in the rebate-plagued, commodity-driven blank tape business.

Does the customer really view

the few extra meters of tape as a value added? The latest MarkeTrends poll gives no conclusive answer.

Only slightly more than half of the MarkeTrends families that own a video cassette recorder say that they would pay for two extra hours of recording time. For the half who would not pay for the extra recording time, it is a good assumption that they do not perceive T-160 tape as worth more than any other.

For the other half—those MarkeTrends families that do think the extra tape is worth something—the marketing ploy might provide a good reason to switch tape brands. The average price they would pay, and the presumed extra value of the tape, is \$2.42, according to the survey.



## DOWNMARKET CONSUMERS WANT DOWN PILLOWS

Once considered an upmarket item only, down-filled pillows have crossed the income boundary. Upscale consumers still want down primarily, but are considering synthetics.



More than one-third of those polled said they wanted down-filled pillows.

**D**own-filled pillows have gone downmarket. When consumers are given a list of pillow fills to choose from, down prevails, largely because it has won a mass audience.

That is among the results of a recent *Chain Store Age* MarketTrends survey probing consumer buying intentions for bed and decorative pillows.

**Bed pillows:** Overall, more than one-third (34.3%) of those polled said they would want their bed pillow to be filled with down. In No. 2 position was foam rubber, named by 23.2%.

A combination of feathers and down appealed to about one-fifth of the sample. The dilution of down with feathers lowers the price point and may appeal to the budget-conscious down lover.

Slightly less than 14% said they would want a synthetic other than foam rubber. Included in that category are Du Pont's Hollofil, Quallo-

fil, and the chemical company's newest entrant, Quallofirm.

A small portion, 4.5%, wanted all feathers, and 3.2% had no answer.

When the sample is broken down by household earning power, it becomes evident that down owes much of its favored status to low income groups. For example, households taking in between \$15,000 and \$20,000 a year comprise 12.7% of those polled, but 13.9% of those preferring down.

By contrast, households with an annual income between \$20,000 and \$30,000 account for 27.4% of the total sample, but only 23.2% of those wanting down.

In the higher income brackets, down loses some votes to non-foam synthetics (Quallofil, etc.), which are well received by the upmarket, according to the survey.

Interest in down needs stimulation if it is to translate into sales. Consumers preferring down pillows are a bit less certain about their

next-year purchasing plans than is the sample as a whole.

Of all those polled, 5.7% said they would definitely buy a bed pillow over the next 12 months, while 11.9% thought they probably would. Slightly more than one-fifth rated their chances as "maybe."

The segment wanting down showed a greater tendency to rate their next-year chances as probable, rather than definite.

Consumers are aware that down is far more expensive than other fills. Shoppers preferring down tended to anticipate spending between \$15 and \$39.99 for one pillow. Thirty-seven percent named prices in that range, while nearly 17% were braced to pay more than \$50.

That result would not surprise Norman Canty, dmm at Marshall Field's, where the best-selling pillow is a down-filled product regularly ticketed \$100, with a sale price of \$79.99.

At Cincinatti-based Lazarus, where down accounts for most of the growth in the pillow category, dmm Jim Berutti says the customer wants "a completely natural, completely down pillow with a heavier weight cotton cover that has good eye appeal at the counter."

Pillows must be advertised continually, Berutti says, because consumers have to be stimulated to replace their old ones. At Lazarus, shoppers tend to go for medium to high price points. Most business is done at \$49 for a standard size pillow.

For synthetic pillows, price expectations deflate, the survey found. Nearly half the consumers preferring foam expect to pay no more than \$10.99 per pillow; in fact, 23.1% would balk at spending more than \$9.99.

Non-foam synthetics generate

slightly higher expectations, with the bulk of the price mentions spread between \$10 and \$24.99.

Quallofil, a famous name among non-foam synthetics, was joined recently by Quallofirm, a denser fill. Du Pont last month briefly offered a rebate on the products, which have been sold as low as \$9.99 each at Caldor.

"Two-fer" sales are a natural in this category. The survey found 4 out of 5 shoppers planning to buy more than one pillow at a time.

Like department stores, Sears

Slightly less than 13% rated themselves as very interested, while 24.1% are somewhat interested.

A narrow majority of consumers (50.4%) want a firm, rather than a soft, pillow. Surprisingly, even consumers looking for down are likely to prefer firmness.

**Decorative pillows:** Most pillows used for decoration will end up on a couch. Asked where they would put a throw pillow if they were to buy one, over two-thirds of those polled mentioned a couch.

The second most popular destina-

B. Altman have noted the trend toward patterned and novelty pillows.

When respondents preferring solids were asked to name a color, brown tones triumphed. Cited either as brown, tan, beige, or earth tone, this family of colors topped 16.4% of the mentions. That gave the brown group a narrow lead over blue, mentioned by 15.6%.

All-cotton dominated other fabric choices, getting the nod from 42.3% of the sample. Nearly 1 out of 5 consumers would prefer a synthetic, while velvet made a strong showing, garnering almost 16% of the mentions.

Chintz, which has performed well for many retailers, was named by only 5.6%. It is possible, however, that many shoppers cannot associate the look with the name.

Satin, linen, lace and other fabrics were mentioned by only a tiny portion of those polled, while 14.4% had no idea what fabric they wanted.

"Be square" is the rule in shape selections. More than 3 out of 5 shoppers want a square pillow, compared to 1 out of 5 preferring round. Other shapes got only a sprinkling of mentions, and 15% of those polled declined to answer this question.

Price expectations ran the gamut. A significant chunk of consumers, 15.4%, anticipate paying between \$10 and \$10.99. But a good portion expect to spend quite a bit more. Twenty-three percent named prices between \$15 and \$29.99, and more than 7% would not balk at \$30 or more.

Store-preference votes corresponded closely to the spread of price expectations. Discounters, department stores, and the Sears-Penney-Ward group ranked about equally in consumers' shopping plans. Each of these three trade classes would get about one-fifth of the decorative pillow business, according to the survey.

Specialty stores are on the minds of about 4.3%, while many other store types got a smattering of mentions. One-fifth of the sample could not say where they would look for a decorative pillow.

Buying intention was soft, with only 2.9% definitely planning a purchase of this item over the next 12 months. Browsers are more common: 9% rated their chances of a next-year purchase as probable, and the maybe's totalled 22.3%. □



"Be square" is the rule in shape selections of decorative pillows.

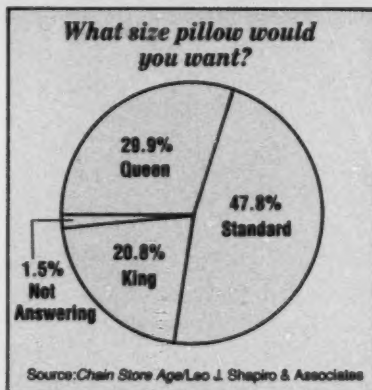
and Penney carry high-end down pillows. That, undoubtedly, boosted the Big 3's store-preference votes. Nearly 28% of those surveyed said that if they were going to buy a pillow, they would get it at Sears, Penney or Ward.

Department stores tied with the Big 3, while discount stores lagged with 22% of the mentions. About 6% of the sample named other types of stores, and another 17% had no answer.

In choosing a store, many shoppers may be influenced by the availability of pillows in king and queen sizes. Less than half (47.8%) of those polled plan to buy a standard pillow, with nearly 30% wanting queen and 21% looking for king. Having no answer to the size query were 2%.

Consumers preferring down were even more likely to want sizes other than standard.

Pillows designed to relieve pain in the upper back or neck received a warm reception from the sample.



tion is the bedroom. Slightly more than 1 out of 5 households are interested in decking their beds with scatter pillows.

While most consumers (51%) would select a solid, a significant 37.1% want their pillow to have a pattern or design. About 12% had no answer.

Buyers at Los Angeles-based Bullock's and New York-based

## SETS EMERGE VICTORIOUS IN CUTLERY

Ease of sharpening is a high rated concern in addition to consumers' desire to purchase knives by the set. Retailer and vendor reports confirm the study's results.

**T**oday's kitchen cutlery market is shaping up as a set oriented business where consumer interest is high in knives that need little or no sharpening.

Some 52% of consumers canvassed in *Chain Store Age's* Marketrends study prefer to buy their

say they want 6-knife sets, while 14% favor 4-knife sets and 13%, 5-knife sets. While 12% of the consumers like 8-knife sets, no other size appeared on want lists of any more than 6% of the households canvassed.

As for price, the largest number of consumers answering—13%—

the heavy emphasis his operation gives sets in promotions. His best seller has been a 6-piece set with knife block at \$20.

A major catalog showroom operation carries 14 different knife block sets, ranging in size from 3 to 15 pieces. An executive there notes that the bulk of the volume,

however, is in 5-, 6-, and 7-piece sets from \$20 to \$40. Sets, he adds, are especially large sellers during key gift seasons.

Lifetime sets are good for Sue Goddard, buyer at Harvey's, Nashville, Tenn. Particularly active are 13-piece sets at \$19.99.

Thirteen-piece sets which also include knife block, steak knives, and sharpening steel, are popular at about \$35 at another catalog showroom operation. It is also doing well with 6- and 7-piece sets on special at \$15 and \$16.

On the manufacturer level, Jay Siegel, executive vp at Lifetime Cutlery Corp., pegs set sales at 55% of the total industry cutlery sales. He concedes, though, that sets represent a larger



*Some 93% of shoppers say they will probably buy knives for personal use, not gifts.*

knives in sets, as opposed to 45% who want individual pieces. By the same token, the study made by Leo J. Shapiro & Associates shows that 58% of the consumers rate ease of sharpening a very important feature, while 55% are very interested in a knife that is designed to never need sharpening. Only 4% of the respondents say the sharpening aspect is not at all important to them.

Sets consisting of four, five or six knives are most preferred by consumers, the survey shows. Thirty-seven percent of the respondents

expect to pay \$20 to \$24.99 for the set they want. Ten percent expect to pay \$30 to \$34.99; 8% expect to pay \$35 to \$39.99, and another 8% will go to \$50 to \$59.99 for a set. Twenty percent of the respondents do not give a price preference.

Reports from retailers and cutlery suppliers parallel the Marketrends study closely.

A Midwestern department store finds sets capturing about 60% of its kitchen cutlery business. The dmm there concedes the figure might be above the industry norm because of

percentage of his company's total volume since 70% of its line is comprised of these compositions. For the same reason, sets are 82% percent of Washington Forge's business, says senior vp of sales and marketing Richard Murphy.

Because sets are such popular gifts, Jay Cotler, Regent-Sheffield vp, says they represent 60% of his company's business.

Consumers canvassed in the report, however, show little inclination for buying cutlery as gifts. Some 93% say they will probably



buy knives for their own household in the coming 12 months, while only 4% contend they will most likely buy knives as a gift in the coming year.

With consumer interest in ease of sharpening high, it is not surprising that the feature is proving to be a key selling point for many firms.

A 3-piece set of self-sharpening knives from Wiltshire at \$20, for example, has been a hot property at Consumers Distributing, the New Jersey-based catalog showroom chain, says vp and hard lines gmm Gary Shearer.

Harvey's Goddard experienced a 60% sell-through of a Wiltshire promotion in December.

Both Regent-Sheffield and Washington Forge have lines that are said to never need sharpening, while Wiltshire and Wilkinson Sword are key players in the self-sharpening field. Wilkinson Sword enjoyed a good reception at the April House-

Shapiro study that show some 63% of the consumers polled sharpen their knives. Surprisingly enough, 28% use stones for the chore, while 18% use an electric appliance and 13% a steel.

Satisfaction with electric knife sharpeners appears to be somewhat greater than with other methods with 79% owners saying they would stay with electric models if they were to get another sharpener. Among those using the stone method, 55% say they will buy stones again, while 42% of people using steels will go with them again. Among respondents who do not currently sharpen their knives, 44% will want an electric sharpener that also does other things, 18% want an appliance that only sharpens knives; 16% want stones, and 8% steels. If they were to buy another knife sharpener, 36% percent of the consumers polled say that it will be an

tures that the consumer deems important in determining cutlery purchases.

Some 81% of the respondents, for instance, want knives with wood handles.

A handle that is easy to grip is considered very important by some 66% of the respondents, while 5% do not consider it important at all.

The weight distribution and the balance of the knife is less of a concern to consumers. Only 39% of the reporting consumers consider this feature very important.

Similarly, consumers seem to be mildly interested in knives that come in a holder that sharpens them each time they are pulled out. Some 32% of the consumers want this feature, while 18% show no interest in it at all.

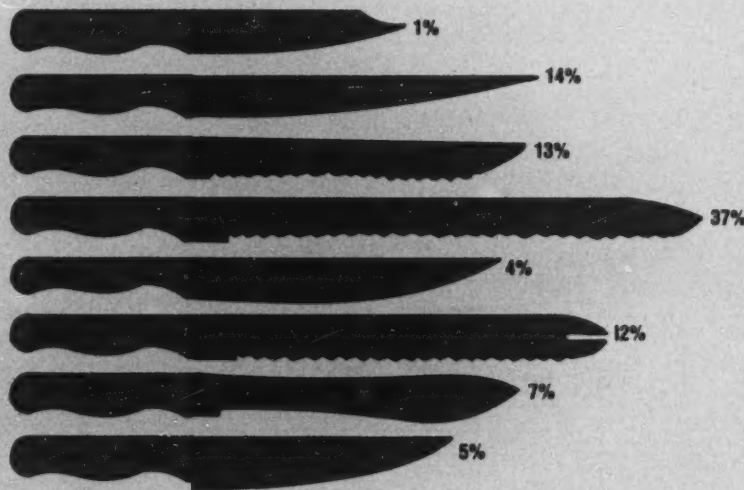
From results of the study, the consumer attaches little importance to brand name when it comes to his cutlery want lists. Some 78% of the respondents do not name a brand preference. Of those that do, however, 6% name Chicago Cutlery, 3% Ekco, 2% Old Hickory and 1% Henckels. Each of the other brands named command less than 1% of the total.

In selecting their knives from open stock, the study shows, most consumers—14%—expect to pay between \$10 and \$10.99 for a knife, while 12% expect to pay between \$5 and \$6.99; 11% under \$33, and 10% between \$15 and \$19.99.

According to the MarkeTrends study, full-line department stores are the prime beneficiaries from consumer knife purchases. Some 23% of the consumers in the survey say they prefer to and will most likely purchase cutlery, whether in sets or open stock, there. Discount stores and mass merchandisers—Sears, Penney, and Ward—are other principal channels for cutlery sales, each with an 18% share.

Of the other outlets, only 4% percent of the shoppers lean toward catalog showrooms; 7%, hardware stores; 5%, cutlery specialty shops. The picture was considerably different in electric knife sharpeners. There, only 14% of the respondents say they will likely buy sharpeners at department stores, while 18% favor discount stores, and 14% the Big 3 mass merchandisers. Hardware stores fared better here than department stores and mass merchandisers, with 14% of the consumers signifying an intent to buy knives there. □

*How many knives consumers want in a set. . .*



Source: Chain Store Age/Lao J. Shapiro & Associates

wares show to its new 9-unit line retailing from \$10.99 to \$59.99.

Jim Stathis, Imperial Schrade national sales manager, acknowledges that his firm is looking at self-sharpening, but adds, "That's down the road." Washington Forge's Murphy agrees that self-sharpening is a "great hook," but says the company is going slow here because of uncertainties created by the Wilkinson-Wiltshire litigation.

The importance of knives that never need sharpening or are self-sharpening in the marketplace is underscored by figures in the CSA-

electric appliance that sharpens knives and performs other functions such as opening cans, while 14% prefer an electric appliance that only sharpens knives.

In the main, consumers expect to pay from \$15 to \$30 for an electric knife sharpener.

Still, a major Midwestern department store has found that high-end knife sharpeners are viable. The dmm there reports good sales in Edgcraft's Chef'sChoice, which carries a suggested \$79.95 retail.

Despite the fascination with sharpening, there are other fea-

## Easter lays no egg, April sales up 13.7%

Good weather, an Easter that fell a month later this year, and brisk shoe and apparel sales combined to bring healthy sales increases for most retailers in April. The 19 retail companies tracked by *Chain Store Age* recorded a 13.7% sales increase for the month. At the end of the first quarter, volume is 10.8% ahead of last year's results.

However, results for the month of April appear artificially high due to the calendar shift, just as March results looked too low. The Easter holiday was later this year, falling in April, while last year it fell in March.

When the two months are combined, however, sales results still look more bullish than many industry watchers had anticipated. Despite continuing high levels of consumer debt, a weak spending spree that continued throughout the first quarter might trigger higher than expected profits for many retailers.

The outlook for improved profit performance in the first quarter is primarily the result of apparel price increases, many of which were effectively instituted during the brisk Easter holiday selling season.

Many analysts point to the price increases as one of the reasons for April's robust sales gains. The same industry watchers anticipate that the price hikes will have an equally good effect on the first quarter's bottom line.

Despite the month's generally good news, the uptick in customer buying did not cut across every class of retailer. For Sears, the nation's biggest retail chain, April sales results were surprisingly low, as comparable-store totals came in at below 2.5%, among the lowest of the major retailers.

Sears had run counter to the trend in March, too, when its sales were considerably higher than most of its competitors. Still, Sears volume has gained only 3.8% for the first quarter.

Fellow cataloger J. C. Penney, though turning in a 7.6% sales gain in April, finished the first three months in equally unspectacular form. Penney's sales for the first 13 weeks of the fiscal year are running only 3.4% ahead of last year.

The news at Montgomery Ward is considerably better. Ward sales in April jumped 14.2% and for the first

## Apparel price hikes push April results up

| Major chains                    | % change | April sales* |              | Stores |       | 3-mo. sales* |              | % change |
|---------------------------------|----------|--------------|--------------|--------|-------|--------------|--------------|----------|
|                                 |          | 1987         | 1986         | 1987   | 1986  | 1987         | 1986         |          |
| Sears <sup>1,2</sup>            | + 2.5    | \$ 1,945,878 | \$ 1,898,900 | 806    | 799   | \$ 5,916,043 | \$ 5,699,390 | + 3.8    |
| Penney <sup>1</sup>             | + 7.6    | 972,000      | 903,000      | 1,902  | 1,846 | 2,868,000    | 2,775,000    | + 3.4    |
| Ward                            | + 14.2   | 326,200      | 285,700      | 296    | 292   | 935,800      | 857,900      | + 9.1    |
| May Dept. Stores                | + 9.0    | 785,800      | 680,200      | 2,865  | 2,465 | 2,296,000    | 2,079,500    | + 10.4   |
| Dayton Hudson                   | + 22.8   | 705,300      | 574,200      | 487    | 1,145 | 2,100,000    | 1,830,000    | + 10.4   |
| Federated <sup>1</sup>          | + 8.3    | 631,500      | 583,300      | 507    | 485   | 1,942,500    | 1,838,800    | + 5.6    |
| Carter Hawley Hale              | + 5.4    | 274,800      | 260,700      | 313    | 296   | 829,500      | 775,800      | + 6.9    |
| Mercantile                      | + 16.2   | 161,449      | 138,973      | 82     | 80    | 459,364      | 428,560      | + 7.2    |
| Carson Pirie Scott <sup>1</sup> | + 24.9   | 61,100       | 48,924       | N/A    | N/A   | 186,900      | 159,353      | + 17.3   |
| K mart <sup>1,2</sup>           | + 11.9   | 1,958,439    | 1,749,505    | 2,207  | 2,185 | 5,594,003    | 5,119,962    | + 9.3    |
| Wal-Mart                        | + 37.4   | 1,201,000    | 874,000      | 1,083  | 922   | 3,212,000    | 2,344,000    | + 37.0   |
| Zayre                           | + 20.9   | 446,700      | 369,500      | 1,107  | 1,001 | 1,295,900    | 1,093,200    | + 18.5   |
| Woolworth <sup>1</sup>          | + 20.3   | 332,000      | 276,000      | N/A    | N/A   | 935,000      | 880,000      | + 6.3    |
| Ames                            | + 24.5   | 164,400      | 132,100      | 464    | 453   | 441,900      | 370,800      | + 19.2   |
| Bradlees                        | + 14.3   | 144,000      | 126,000      | 166    | 156   | 403,000      | 371,000      | + 8.6    |
| Tandy <sup>1</sup>              | + 8.5    | 242,429      | 223,404      | N/A    | N/A   | 678,932      | 609,671      | + 11.3   |
| Circuit City                    | + 48.1   | 78,500       | 53,000       | 87     | 74    | 221,000      | 153,200      | + 44.6   |
| Federated Group                 | + 4.6    | 27,000       | 25,800       | 55     | 59    | 86,600       | 87,600       | - 1.1    |
| Best Buy                        | + 52.3   | 21,400       | 14,054       | 24     | 12    | 67,200       | 36,354       | + 84.8   |
| Totals & Averages               | + 13.7   | \$10,479,895 | \$ 9,217,260 | —      | —     | \$30,469,642 | \$27,510,090 | + 10.8   |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.

<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

quarter are up 9.1%. Ward notes that its sales increases are all the more spectacular, since they compare to a year ago, when the chain was assorting a wider variety of merchandise. Same-store results were ahead 13.3%.

Most other major retailers turned in similar double digit comparable-store results in April. Dayton Hudson same-store results were ahead 12% from the same period last year.

Wal-Mart reported comparable-store gains of 14% in April and 12% for the first quarter. Connecticut-

based Ames recorded a 21.7% hike in same-store volume. For Mercantile Department Stores the jump was a more modest 13.8%.

Los Angeles-based Carter Hawley Hale recorded a 3.2% uptick in comparable-store volume. Braintree, Mass.-based Bradlees was ahead 8%.

At May Dept. Stores same-store results were below industry norms. Though its Volume Shoe division turned in same-store volume up almost 30%, the gains were more modest in other divisions.

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**Marketpower: Top merchandise depar**  
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7/13/87

# Chain Store Age

GENERAL MERCHANDISE DEPARTMENTS

JULY

1987

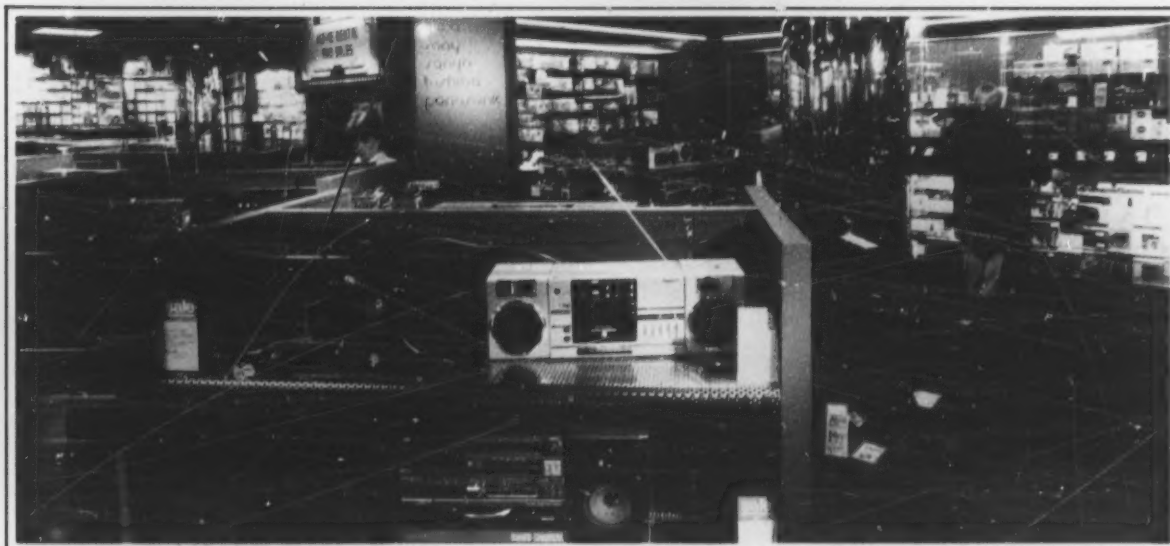
*Planning a  
Merry Christmas:*

**Retailers  
pick  
holiday  
top  
sellers**

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## More watchers, but fewer TV shoppers

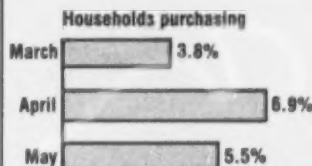
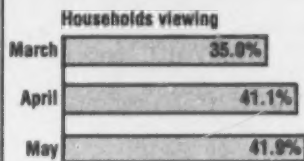
Could home television shopping be peaking? According to the latest *Chain Store Age*/Leo J. Shapiro & Associates monthly survey of TV shopping, the number of households reporting that they have watched the new selling craze is at an all-time high. In the nationwide, random telephone poll, 41.9% of families say that they have watched TV shopping at least once.

But on the average, families in the poll report watching fewer hours of home TV shopping programming and are making fewer purchases. Still, it is too early to pull the plug of TV shopping. As one TV shopping exec recently confided to *Chain Store Age* privately, "Anyone who tells you that he understands this business, is lying."

According to the poll, the number of families who are watching TV shopping shows are up. In the week immediately preceeding the most recent survey, conducted in May, 35.7% report having watched at least one of the shows. In the March poll, 27.6% said they had viewed the shows in the previous week.

Average viewing time, however, is down from the March survey. In that poll, families reported watching an average of 2.6 hours. In the latest survey, the

### Home television shopping 1987



Source: *Chain Store Age*/  
Leo J. Shapiro & Associates

average viewing time is down to 2.4 hours.

Actual buying is down in the most recent survey, too. In the April poll, 88% of those who had watched also bought at least once. In the July poll, the number has slipped to 86%. The date of the last purchase is also moving further into the past. In the latest poll, 64.9% report that their last TV buy was more than three months ago. In the March survey the number was 42.4%.

## Video renters lose 2 million turns weekly

Video rental customers are not too surprised when they cannot find a specific tape available on a Saturday night. But the number of lost video rentals adds up to an astounding 2 million turns per week, according to Video Flash, a New York-based sales and rental tracking service for the home video industry.

Nonetheless, video renters in the national 2,000 household survey report that they are generally satisfied with the rental process.

"Customers may come to rent one tape, but leave with another—and if they like the tape they rented, the whole process could

be quite acceptable to them," says Video Flash project manager Jay Flourde.

While the customer may not be dissatisfied with the current state of rental availability, the industry certainly should be. According to the Video Flash report, retailers lose 2 million rentals every week when customers actually made a trip to the rental store to find a specific tape and could not find it.

The number includes both customers who left the store empty handed and others who rented another tape in place of their original choice.

Assuming an average rental ticket of between \$1 and \$2, the lost sales amount to between \$100 million and \$200 million annually.

## New Jersey re-tailers eye growth

The future looks bright for New Jersey retailers. At least, they think so. A survey of the state's retailers by the New Jersey Retail Merchants Association shows that more than 80% of the respondents are planning for growth over the next three years via remodeling stores and addition of new stores.

The survey tabulated for NJRMA by Touche Ross shows that 60% of the respondents expect 1987 profits to exceed last year's level, though only 38% see an increase in profits for the industry as a whole.

According to NJRMA president Melanie Willoughby, more than 90% of the retailers expect a sales increase this year, with more than a third of the companies targeting that increase above 10%. Higher retail profits will come from higher gross margins, which are expected by more than 40% of the retailers, Willoughby says.

The survey taken in January among a cross-section of department, specialty, and mass merchandisers throughout the state reflected optimism, despite a concern about the industry in general, effects of the new tax law and increases in competition and labor costs.

Retailers are aware that improved results will not be achieved easily, said Randy Allen, chairman of the Retail Committee for Touche Ross. "In large numbers, retailers [in the survey] expect to be impacted by increases in labor costs (62%) and competition (58%), as well as by a growing labor shortage (43%)."

According to Allen, "To deal with these issues while increasing sales and profitability, retailers are planning to raise their customer service (29%), improve their inventory (24%), run special promotions (18%), and maintain everyday low-price strategy. While 38% expect increased sales to be the key to profitability, 27% point to their control of expenses for profitability, and 19% see control of markdowns as the key," Allen said.

## RETAILERS PREDICT SLIMMER MARGINS

Repeating the pattern of last year, sales for the remainder of 1987 are expected to continue on the upswing. But gross margins will come under increasing pressure.

**I**t was a tough year for the top merchandise departments in 1986, and this year will be just as difficult. The top departments measured by *Chain Store Age* recorded a combined 5.2% sales gain last year—about half the pace set in the previous two years. Making estimates for 1987 is proving difficult, but this year's increases should come in at about the same rate as in 1986.

Repeating the pattern of last year, sales are expected to continue on the upswing, but profits will come under increasing pressure. Last year, for example, the fastest growing of the top merchandise departments was \$12.7 billion photo/camera, which posted an 11% sales gain.

Few retailers, however, even budgeted the department out of the red, and they were not disappointed. Gross margins slipped to murderously low levels—an average of only 16% for discounters, according to *Chain Store Age* research.

For home electronics, the biggest of the top departments with \$38 billion in sales last year, the pattern



Electronics sales will top \$40 billion in 1987, but profits will grow slowly.

which characterized the last quarter of 1986 threatens to plague the industry this year, too. During the Christmas selling season, margins for most electronics retailers slipped almost two points last year. So far in 1987, a recovery in margin

performance does not seem likely.

But electronics sales are expected to grow about 5% in 1987, making up in volume what it will lose in margins. Home furnishings experienced the worst of both worlds last year—shrinking margins and slow growth. This year will prove even tougher. Sales of home furnishings gained only 2% in 1986, totaling \$26 billion.

According to *Chain Store Age* research, home furnishings margins at department stores fell in 1986 to 37% from 41% the year before. Only the discount stores, thanks to ready-to-assemble furniture, managed to up their gross profits last year, increasing margins from 29% in 1985 to 30% last year. Industry-wide sales volume, however, was up only 2% in 1986, a figure that will be hard to surpass this year.

Slow growth and slimmer margins plagued the \$32 billion housewares industry last year, and no change is on the horizon. Sales gains for both electric and non-electric housewares inched ahead by only 2% in 1986.

Electric housewares experienced so much margin pressure last year that the department has turned into a traffic builder rather than a profit center. Gross margins for electrics at discount stores dipped from 24% in 1985 to as low as 16% last year. No recovery looks on the way.

Home textiles turned in a 9.7% sales gain in 1986 and will likely match last year's \$21 billion sales performance this year. White sales have become a year-round moveable feast, and slimmer margins continue to eat up any potential profit gains.

*Chain Store Age* research indicates that home textile gross profits at department stores in 1986 slipped to 40% from 41% the previous year.

Among the top departments, sewing/crafts was hit hardest in 1986. Sales fell to \$7.1 billion while margins fell almost 2%. □

Top merchandise departments

| Department                 | 1986              | 1985              | % change |
|----------------------------|-------------------|-------------------|----------|
| 1. Consumer electronics    | \$ 38,000,000,000 | \$ 35,000,000,000 | + 8.6    |
| 2. Home furnishings        | 26,000,000,000    | 25,500,000,000    | + 1.9    |
| 3. Home office/stationery  | 20,000,000,000    | 27,000,000,000    | - 8.2    |
| 4. Non-electric housewares | 22,500,000,000    | 18,000,000,000    | + 2.1    |
| 5. Home textiles           | 21,400,000,000    | 19,500,000,000    | + 9.7    |
| 6. Cosmetics/H&BA          | 21,100,000,000    | 20,000,000,000    | + 1.4    |
| 7. Sporting goods          | 17,300,000,000    | 16,100,000,000    | + 7.5    |
| 8. Photo/camera            | 12,700,000,000    | 11,400,000,000    | +11.4    |
| 9. Toys                    | 12,500,000,000    | 11,675,000,000    | + 8.3    |
| 10. Electric housewares    | 9,700,000,000     | 8,500,000,000     | + 2.1    |
| 11. Sewing/crafts          | 7,150,000,000     | 7,800,000,000     | - 9.0    |
| Totals                     | \$214,300,000,000 | \$203,675,000,000 | + 5.2    |

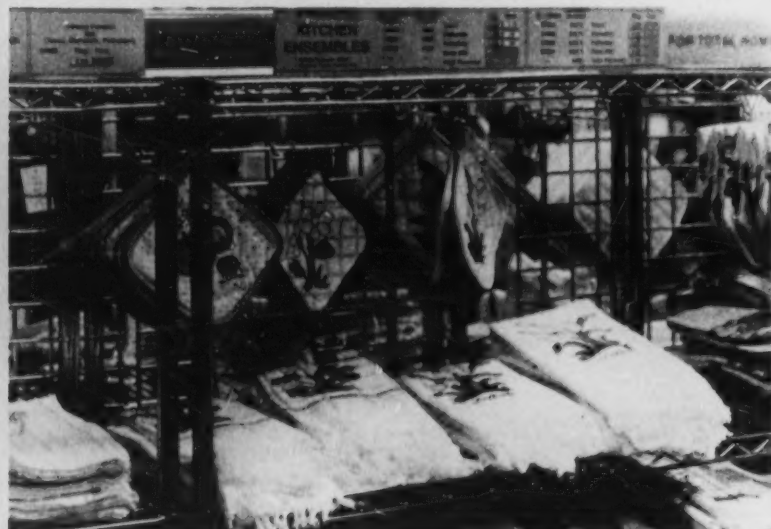
Total industry sales, including specialty stores, drug stores and supermarkets.

Source: *Chain Store Age* research



## Housing starts led to textile boom

**Softer window treatments, themed kitchen textiles and quality bedding needs propelled the volume.**



*Coordinated kitchen items helped the category grow last year.*

**I**t was a robust year for the home textiles department. Housing starts rose, and people needed a bevy of new decorative items. Retailers put new flourishes on textile departments, and suppliers found ways to entice incremental sales.

Sales rose 10% with window treatments, kitchen textiles and bedding needs propelling the volume. Sheet and towel sales grew more modestly due to retail price battles. In 1986, the business continued to shift toward Sears, J. C. Penney and Montgomery Ward and also to the upscale discounters.

These operations, say suppliers, have turned over more space to the category, upgraded the offerings and intensified advertising.

It was a year when hard and soft window treatments learned to coexist with one another as many consumers opted for looks combining both. Of course, notes a buyer at Ames, that means more decisions for the retailer...now they need to carry both but, space is limited.

Several singled out vendor programs designed to bring the ready-made business on par with custom-decorator styles. Kenney Window Fashions and Clopay are two firms

mentioned as helping build this business in mass outlets.

Although sales of alternative window treatments such as verticals and mini-blinds did perk up, the fastest growing areas of the curtain and drape business were the soft looks and high-quality ready-made drapes with lining and special trims.

"Consumers are swinging back to romantic looks," offers Jim Park, executive vp of Arley Merchandise Corp. "Victorian lace and anything country is the big trend and we see no top to this peak."

Price points appear to be sneaking up in curtains and drapes at Sears, J. C. Penney and many discounters. Says one dmm, "The limit was maybe \$20 for an item last year...it is now \$30. And when it comes to full-window treatments, \$100 is almost today's minimum."

Quality is also setting the pace in bed decor. According to K mart buyer Glen Shanks, K mart is moving pricier bed linens. A recent ad touted Stevens' Tastemaker, which carries a regular price of \$20.97 for a waterbed sheet set.

There is a boom in better bedding, Park says. On the other end of the spectrum, he sees good promo-

tional potential in the bed ensembles which wrap up coordinating dust ruffles, shams and comforters in one package retailing between \$59 and \$99.

Kitchen textiles, confirms Shanks, became a hot commodity last year, and suppliers helped push sales along by introducing coordinating kitchen items.

"This way," reasons Park, "a woman can buy a dish towel one time...and then come back for an appliance cover or placemat."

Chair pad ensembles have also been added although retailers say it has created a merchandising dilemma. That is, where do all these items get merchandised, especially when the different sku's fall under separate buyers?

Some solutions have been found. Signs in kitchen textile areas often tell customers they can buy matching curtains in that department. A few retailers advertise the coordinates together so shoppers are aware of the match. And Target resolved the situation by putting all the coordinates on an end-cap. □

### Productivity breakdown

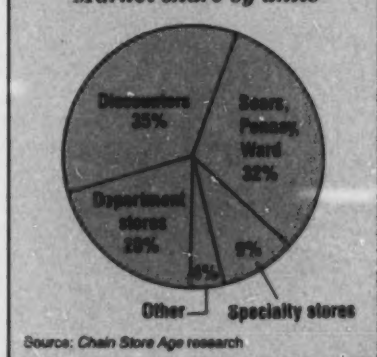
|                       | Dept. stores | Big 3 | Mass merch./variety |
|-----------------------|--------------|-------|---------------------|
| Sales per square foot | \$116        | \$129 | \$130               |
| Annual turnover       | 1.8          | 2.5   | 2.5                 |
| Gross margin          | 40%          | 38%   | 34%                 |

Sources: Chain Store Age research

### Growth areas

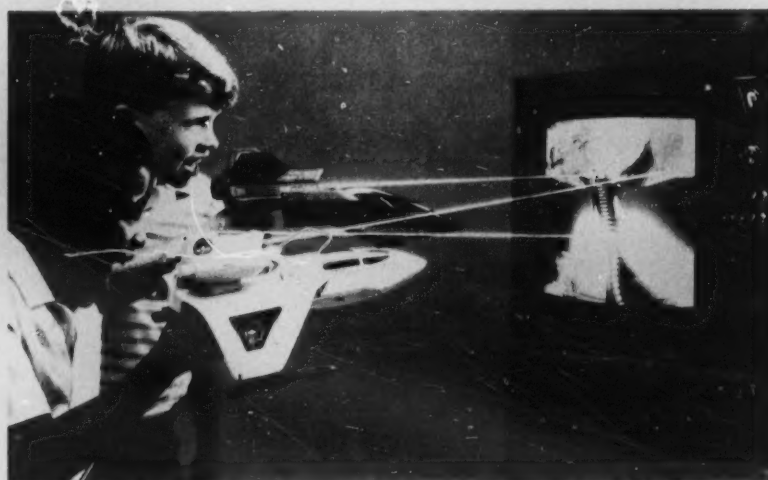
- Kitchen coordinates
- Romantic looks
- Quality ready-made drapes
- Country looks

### Market share by units



# No clear winner emerges in toys

The old faithfuls continued to produce. Interactive laser guns, educational toys and video games look good.



*Captain Power and The Soldiers of the Future are expected to be "hot".*

Not one single toy ran away with sales in 1986. However, retail sales still crept ahead by approximately 5% to \$12.5 billion, a stable gain for the toy market.

"With relatively few new leaders to offset the decline in popularity of some of the well-established, trendy toys of the past three years, more basic, staple items sold through to consumers," says William L. Garrity, board chairman of the Toy Manufacturers of America (TMA). Some categories that had a particularly good year include fashion dolls, construction sets, radio-controlled vehicles and preschool.

Garrity continues, "Both parents and children were fascinated with fashionable, high-tech toys—photo electronic toys as well as interactive dolls and stuffed animals." Teddy Ruxpin remained a high priority on shopping lists for the second consecutive year while the introduction of interactive, electronic guns such as Photon and Lazer Tag battled for consumer dollars.

However, many of the "hot," new toys reached the market late in the fourth quarter and vendors could not supply enough product. This impacted sales negatively, say retailers.

Additionally, action figures were disappointing with the exception of

G. I. Joe. TMA's Garrity says, "Some of the action figures supported by cartoon simply did not live up to expectations—and the marketplace spoke."

Industry sources concur that there are too many products with similar themes available and marketers relied too heavily on the cartoons to sell product instead of product appeal. Still, action figures represent the largest share of boy's toys, according to the merchants.

For 1987, Garrity expects industry sales to grow by 5% again. Also similar to last year, Garrity foresees buyers keeping inventories lean and jumping on price promotions while consumers continue to increase

their year-round toy shopping.

Categories to watch include: interactive dolls and plush, preschool, electronic learning aids and video games. This year's Toy Fair unveiled some very interesting and sophisticated talking dolls at steep, steep prices. Retailers have already expressed concern about marking up dolls that cost more than \$100 a piece.

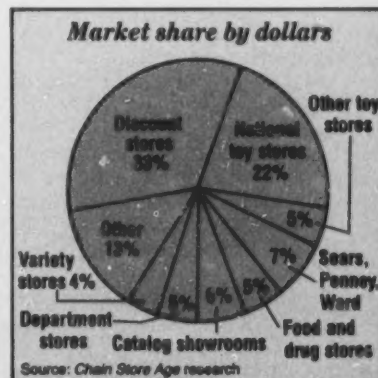
Interactive, electronic guns will also go through some changes. A few dozen vendors showed their entries into the category at Toy Fair and retailers anticipate a shakeout later this year.

Video games, too, will show some action in 1987. After a four to five year break, the category started moving upward again this year. Companies such as Nintendo, Atari and Sega feature challenging systems.

Additionally, Mattel's Captain Power and The Soldiers of the Future and Worlds of Wonder's Action Max raised some hopes for the category. Hand-held toy jets and accessories allow an at-home child to fire at enemies as they cross the screen during their weekly television program. Points are scored, as well as taken away, when the enemy is hit or fires back. Corresponding video cassettes are also sold.

Pre-school and electronic learning aids continue to be growing businesses as the baby boomers' echo by boom grows up. Families are generally smaller than previous generations because the baby boomers waited until they were older and more financially set. The new well-heeled parents now indulge their youngsters with toys that they perceive give their children an edge on learning.

| Productivity breakdown                                                                                                               |              |       |                     |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                                      | Dept. stores | Big 3 | Mass merch./variety |
| Sales per square foot                                                                                                                | \$146        | \$89  | \$208               |
| Annual turnover                                                                                                                      | 2.5          | 2.9   | 3.5                 |
| Gross margin                                                                                                                         | 35%          | 32%   | 28%                 |
| Source: Chain Store Age research                                                                                                     |              |       |                     |
| Growth areas                                                                                                                         |              |       |                     |
| <ul style="list-style-type: none"> <li>Interactive dolls and plush</li> <li>Video games</li> <li>Electronic learning aids</li> </ul> |              |       |                     |





*There are encouraging signs that the industry will enjoy a healthier business climate this year.*

## Color expected to brighten sales

**The country look, utilizing slate blue and mauve, seems sure to spark new interest in non-electrics.**

The non-electric housewares industry is counting on slate blue and mauve to be the color of money this year.

Indeed, it is hoping that the new colors, along with the country styling movement, will help the industry perform considerably better in 1987 than it did last year when sales topped 1985 levels by a scant 2%.

Figures extrapolated from the National Housewares Manufacturers Association's recently released 1986 B. Angell Marketing Research

Study of the industry show that retail sales of non-electric housewares last year totaled about \$22.5 billion.

There are encouraging signs that the industry will enjoy a healthier business climate this year.

Recent rulings by the International Trade Commission and the U. S. Department of Commerce, for instance, are expected to favorably impact the beleaguered domestic cookware industry in its battle against imports of stainless steel and porcelain-on-enamel cookware

from the Far East.

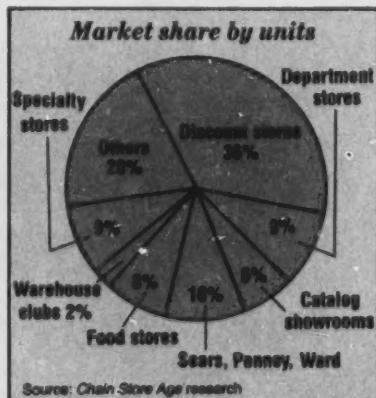
A turnaround may already be at hand. The Cookware Manufacturers Association reports that domestic producers held their own in sales during the first quarter against 1986's first three months. Manufacturers sales last year were off 4.8% from 1985 levels, a decided improvement over their 1985 performance when sales were down 12% from the previous year.

The continued growth of microwave accessories at retail is another bright spot for the basic housewares industry. The category has been enhanced this year with the addition of color, notably slate blue and pastels. Color, in this case hot hues, is making high-styled storage lines from Elfa, Berg, and ClosetMaid promising commodities at retail this year. Rubbermaid's Servin' Savers have been setting the sales pace for Jim Redberg, buyer at Pamida, Omaha.

But probably the most comprehensive styling trend outside of color is the country look which is encompassing many housewares categories.

Retailers as disparate in philosophy as Bradlees and Marshall Field are making big plans for the new country styling trend that has already taken root in other home furnishings industries. The country look is marked by duck and geese motifs, farm scenes, and floral designs. □

| Productivity breakdown                                                                                                                                               |              |       |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|----------------------|
|                                                                                                                                                                      | Dept. stores | Big 3 | Mass merch./ variety |
| Sales per square foot                                                                                                                                                | \$188        | \$125 | \$142                |
| Annual turnover                                                                                                                                                      | 2.0          | 2.3   | 3.3                  |
| Stock margin                                                                                                                                                         | 35%          | 32%   | 34%                  |
| Source: Chain Store Age research                                                                                                                                     |              |       |                      |
| Growth areas                                                                                                                                                         |              |       |                      |
| <ul style="list-style-type: none"> <li>• Microwave cookware</li> <li>• Kitchen/closet storage items</li> <li>• Country style products</li> <li>• Tabletop</li> </ul> |              |       |                      |





## Low prices hoped to raise flat sales

Following a lackluster year for electric housewares, retailers hope promotional items will boost sales.



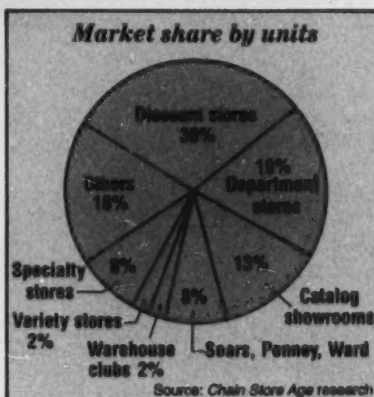
Irons have turned promotional due to the cut in cost of micro circuitry.

| Productivity breakdown                                                                                                                                       |              |       |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                                                              | Dept. stores | Big 3 | Mass merch./variety |
| Sales per square foot                                                                                                                                        | \$190        | \$190 | \$242               |
| Annual turnover                                                                                                                                              | 2.0          | 3.4   | 3.5                 |
| Gross margin                                                                                                                                                 | 22%          | 22%   | 18%                 |
| Source: Chain Store Age research                                                                                                                             |              |       |                     |
| Growth areas                                                                                                                                                 |              |       |                     |
| <ul style="list-style-type: none"> <li>• Whirlpool baths</li> <li>• Microwave ovens</li> <li>• Compact food processors</li> <li>• Vacuum cleaners</li> </ul> |              |       |                     |

Lower prices on key categories this fall are expected to help stimulate retail electric housewares volume which has been on the flat side the past year.

An executive for a major Midwest discount chain, for instance, has found microwave ovens readily available to retail as low as \$69 and \$79. At the same time, prices on electronic irons, a key classification last year have dropped to the point where they can be retailed at under \$25 after rebate.

Retailers attribute the sharper prices on irons, coffeemakers, and other basic items that feature electronic circuitry to the fact that manufacturers have now largely amor-



tized the initial cost of incorporating the sophisticated systems into the products.

Heady competition has also pushed tags of Oskar and other brands of compact food processors down, retailers say. Many are anticipating a similar fate for two new categories that loom large on the fall retail promotion scene: mini-choppers and clothes shavers. Some see the \$15 shaver dropping well below \$10 by Christmas time.

Some merchants like Dudley Clark, dmm at Carson Pirie Scott, Chicago, think that new, innovative appliances unveiled at the spring housewares show will help generate excitement on the sales floor. Clark cited Sunbeam's ExpressMeal

toaster oven with microwave cooking capability as one with particular promise.

In many cases, retailers will be striving to improve the bottom line by emphasizing higher ticket merchandise. A case in point is the buyer for a major Southwestern department store who will be giving high priority next fall to "better food preparation" electrics, notably food processors. The store's strategy also involves stress on higher end Eurostyled lines such as Krups and Braun.

Despite lackluster sales so far this year in an industry that saw retail volume hit \$9.7 billion in 1986, retailers are generally optimistic about second half prospects. Still, many agree with a dmm for a West Coast department store that it will require a lot of work and aggressive promotion to translate hopes into reality.

Successful promotions on selected items in recent months have given many retailers reason to think chances are good that business will be strong during the traditionally big fall season.

Vacuum cleaners, for instance, have been a bright spot for both mass merchants and department stores. Heavily financed promotions this spring by both Eureka and Hoover admittedly were factors in the healthy vac picture, retailers said.

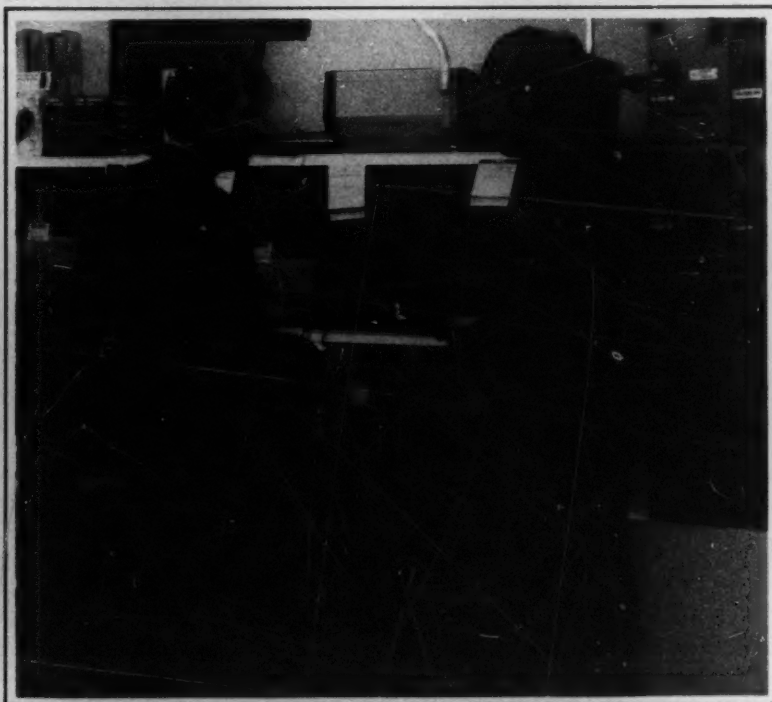
Microwave ovens at \$150 and below have been strong at a Midwestern membership warehouse club organization. The company has been less successful with more sophisticated items such as irons and other appliances with electronic circuitry. Sources at the warehouse club contend that the electronic concept in small appliances is more practical as a promotion peg for department stores.

Many buyers have found rebate promotions generating brisk activity in basic electrics such as irons, coffeemakers and toasters, as well as in some personal care products, notably health care items.

In the personal care area, a surprise hit for many stores has been Regina's Home Spa whirlpool bath. It has been moving briskly at many stores, who are expected to give it increased promotion along with a similar unit being unveiled by Pol-lenex and other health care items. □

## Home office: meeting new needs

As the market burgeons, vendors are on a spree and retailers are jumping in feet first.



The desktop copier, is one of the products offered to the home office market.

The entrepreneurial spirit and home computers are combining to keep upwards of 9 million working Americans at home, adding new sales opportunities in the heretofore all-too-basic stationery and home office department.

As Americans launch electronics-based cottage industries—or merely cart home more work from the office—some general merchandise retailers are responding by bringing together goods from various parts of the store into a single home office department.

Lechmere, for example, has created a department offering merchandise ranging from dictating machines to facsimile phones.

Many merchants are more comfortable with just a bit of cross-merchandising between departments. Others still seem content to leave calculators in the watch department, far from other home office supplies.

Manufacturers, meanwhile, are answering the home office trend with new products that include hand-held and desktop copiers.

At the same time, manufacturers are continuing to seek ways of raising stationery from its traditionally mundane status.

| Productivity breakdown                                                                                                                                   |              |       |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                                                          | Dept. stores | Big 3 | Mass merch./variety |
| Sales per square foot                                                                                                                                    | \$114        | \$128 | \$148               |
| Annual turnover                                                                                                                                          | 2.4          | 3.3   | 3.8                 |
| Gross margin                                                                                                                                             | 41.4%        | 36.9% | 37.8%               |
| Source: Chain Store Age research                                                                                                                         |              |       |                     |
| Growth areas                                                                                                                                             |              |       |                     |
| <ul style="list-style-type: none"> <li>• Personal copiers</li> <li>• Gift wrap</li> <li>• Record-keeping books</li> <li>• Desktop accessories</li> </ul> |              |       |                     |

With trendy colors and rounded contours, manufacturers are changing the looks of products ranging from staplers to calculators.

Sets of miniature desktop accessories are proving successful when presented as gift possibilities, an important departure from the category's utilitarian image.

Another category gaining flair is gift wrap. Manufacturers are enlarging their lines to include bolder colors, well-planned themes, fabric ribbons and accessories to adorn packages. As complexity increases, chances for higher profits are expanding, too.

Efforts to dress up stationery goods with licensing remain just a small part of the business. With a few hard-to-predict exceptions, licensing appears unlikely to grow much in the category.

Stationery is a fast-turn business that benefits only from a license that churns out high volume, buyers say. A good license also increases margins and traffic.

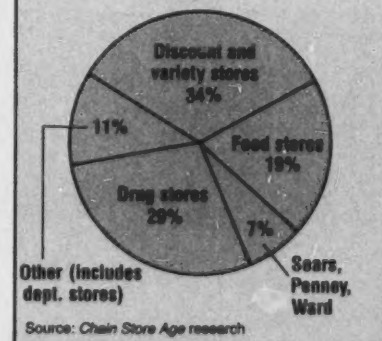
Another stationery category that is continuing to offer dressed-up possibilities is partyware.

In some cases, retailers are debating whether to merchandise partyware in stationery or in housewares. Low prices are sometimes limiting space for the goods.

While the industry labors to deliver some stationery lines from the realm of the basic, a few lines do not seem to need the boost. Record-keeping books is an example of the latter.

In a hectic age, with more women in the workforce—and, yes, the rise in home offices—record-keeping books are selling well with or without frills. □

Market share by units



## Photography fracas far from finished

**While Big Yellow slugged it out with Big Green, and Minolta with Canon, retailers fought off red ink.**



Sears, along with Penney and Ward, managed to hold onto margins last year.

The photography giants are scrapping unlike any other time in the \$12.7 billion photo industry. But while the big boys are busy fighting, retailers at the sidelines are struggling more than ever to make a profit. Sales were up more than 11% last year, but margins slipped below last year's rock bottom levels.

Fuji fired a shot over Kodak's bow when it beat Big Yellow with a disposable camera debut right before the Photo Marketing Association trade show in February. In the year before, both companies had introduced new amateur and professional films. Konica and Agfa were soon to follow with their own new films.

Kodak celebrated the year with the introduction of the first cameras—both rangefinders—bearing its name in over a decade. It also scored a success when it joined the highly competitive battery market.

Canon and Minolta, meanwhile, continued battling it out to see who would end up king of 35mm SLR autofocus. After a year of speculation, Canon finally debuted its EOS autofocus answer to archrival Minolta's Maxxum this spring. When the dust settles, however, the market for SLRs will end up even smaller.

According to *The Wolfman Re-*

*port*, shipments to the United States of SLR cameras dropped 9% last year to 2 million units from 2.2 million. Compact lens shutter models, however, recorded an astounding 27% gain over 1985, topping out at 4.7 million units last year.

Thanks to the upswing in rangefinders, total shipments of 35mm cameras shot up 16% last year to 6.7 million units from 5.6 million in 1985, according to *The Wolfman Report*.

But the customer's move away from SLRs and to lens shutter cameras is not necessarily good news for retailers. With a smaller average ticket, camera retailers are having difficulty matching last year's dollar

figures, despite healthy increases in unit sales.

"The downside of rangefinders," lamented Montgomery Ward vp John Bevan recently, "is that once you sell a camera, there isn't much left to sell the customer along with it."

The camera makers have made a valiant effort to create add-on sales, such as extra lenses for lens shutter cameras. But the marketing ploy does not seem to be paying off.

The downturn in some accessory items, such as lenses, joined with cut-throat retail competition last year to shrink margins for nearly every category of retailing.

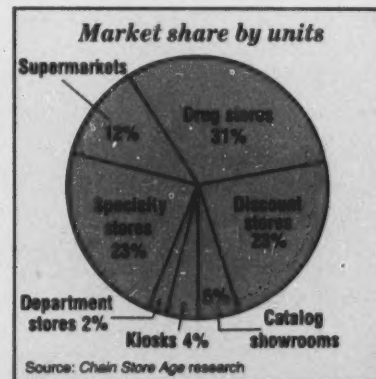
*Chain Store Age* research indicates that at department stores, which traditionally have done a good job at bundling together camera kits to grab higher margins, recorded a drop in gross profits from a paltry 20% in 1985 to about 18% last year.

For discount and variety stores, the news was worse. Gross margins fell to an all-time low of 15.6%. Only the Big 3—Sears, Penney and Ward—managed to hold onto the same 21% margins they recorded a year ago.

One bright note in the otherwise gloomy forecast comes from a category counted down and out only a year ago. Polaroid's debut of its Spectra line of instant cameras has been an unqualified success.

Spectra seems to have created its own upscale market for instant photography and at the same time to have rekindled interest at the low end. According to *Chain Store Age* MarkeTrends consumer polling, the number of families that expect to buy an instant is running double figures recorded a year ago. □

| Productivity breakdown                                                                                                              |              |       |                     |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                                     | Dept. stores | Big 3 | Mass merch./variety |
| Sales per square foot                                                                                                               | \$277        | \$248 | \$148               |
| Annual turnover                                                                                                                     | 2.0          | 3.8   | 4.0                 |
| Gross margin                                                                                                                        | 11%          | 17%   | 18%                 |
| Source: Chain Store Age research                                                                                                    |              |       |                     |
| Growth areas                                                                                                                        |              |       |                     |
| <ul style="list-style-type: none"> <li>• Zoom lens rangefinders</li> <li>• Instant cameras and film</li> <li>• 35mm film</li> </ul> |              |       |                     |





## Discounters see profits in H&BA

Once seen as a loss leader, health & beauty aids are now adding to mass merchants' bottom lines.



*Tartar-control and plaque-fighting toothpastes stole center stage.*

Once viewed as just a traffic lure, the health and beauty aids department is gaining new respect, especially in discount stores.

"The original entrepreneurs used health and beauty aids as loss leaders in advertising to get customers in the door," explains Richard Hersh, president of the International Mass Retail Association. "Now they carry their share of the weight and H&BA is one area where we'll be using our direct product program."

Retailers ranging from K mart to The Wholesale Club have discovered their shoppers are willing to buy such items as shampoos and conditioners, toothpaste and even prescriptions under their roofs.

K mart has removed cosmetics from the health and beauty aids department to both free up more space for these items as well as give cosmetics a new image in a location near apparel.

The Indianapolis-based The Wholesale Club reports health and beauty aids account for 2% to 3% of volume in a department consisting of only 75 sku's, according to president James Burke.

Robert Dixon, vp of The Allen Levis Organization, a leading research firm, says discount stores scored very high when it came to

health and beauty aids purchases in large families. Reasons Dixon, "These are customers frequenting a discount store for children's clothes and toys. They are short on time and buy all their needs in one trip."

According to recently published A. C. Nielsen figures, almost every discounter is in the business with 99.6% carrying some health and beauty aids. Discounters rang up almost 16% of all H&BA sales according to the study—approximately one dollar in six.

Nielsen also uncovered that the number of pharmacies in discount stores is swelling. The total jumped

9% from 1,940 in 1984 to 2,111 in 1985. That means 30% of all mass merchandisers are in the Rx business.

This has made it easier for them to take advantage of Rx to over-the-counter drugs now available including ibuprofens. "Having a pharmacy makes it easier to sell OTC products," confirms Jack Shewmaker, vice chairman and cfo of Wal-Mart Stores, Inc.

"We have 480 company-owned and 135 leased pharmacies and it is the most rapidly growing part of our business. But there are problems and you have to work them out and understand the business," Shewmaker adds.

The hottest health and beauty aids items last year included hair gels and spritzes, artificial nails with adhesive tabs, knock-off designer fragrances and wide-mouth, stick deodorants. In vitamins, fish oils gathered attention in 1986 and retailers are still weighing the long-term potential of this vitamin said to reduce the chance of heart ailments. Tartar-control and plaque-fighting toothpastes stole center stage and the nation one again was sent into a panic by the tampering of capsules. Sun care items, especially those with high S.P.F.'s, also gained favor with shoppers fearful of skin cancer. Brightly colored zinc products also caught on with younger consumers. For the rest of 1987, however, many of these hot picks fizzled. Nail tip sales are softening and knock-off fragrance sales have flattened, mostly because of a lack of a new hit to copy such as Giorgio, concludes Allan Mottus, a leading cosmetics industry expert. □

### Productivity breakdown

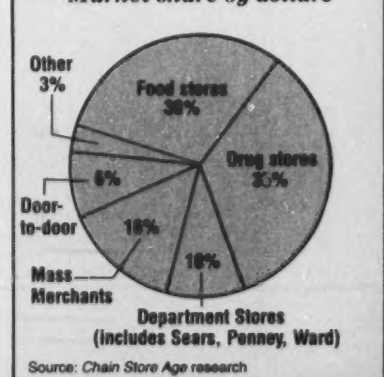
|                       | Dept. stores | Big 3 | Mass merch./ variety |
|-----------------------|--------------|-------|----------------------|
| Sales per square foot | \$312        | \$125 | \$110                |
| Annual turnover       | 2.5          | 3.2   | 3.5                  |
| Gross margin          | 48%          | 33%   | 24%                  |

Source: Chain Store Age research

### Growth areas

- Hair spritz and shines
- Pharmaceuticals and OTC drugs
- Sun care with SPF of 15 and higher
- Plaque-fighting toothpaste and mouth rinses

### Market share by dollars



## Sewing falls while crafts rise

**Although many retailers have given up on sewing, some tenacious retailers have seen profits.**

**O**n a recent episode of the popular TV comedy *"Kate & Allie"*, Allie had \$250 to burn. After turning down a sculpture, an expensive beaded dress and a dinner at a chic restaurant, Allie decided on a souped-up Singer sewing machine.

With that kind of endorsement, can a home sewing boom be far behind?

Suppliers would like to think so. But even national TV exposure does not seem to spur the desire to sew or take up crafts as a hobby. Sewing sales started shrinking when women joined the work force and consequently had less time to pursue hobbies. "And when they do something in their leisure time," asserts Barry Sussman of Vogue Fabric in Chicago, "they spend time on tennis or even housecleaning."

According to retailers and suppliers, overall sewing sales declined about 8%; craft sales crept up 5%. One reason for the drop in sewing volume is the ongoing exit of most major retailers from the sewing category. J. C. Penney, according to a company spokeswoman, edited the category in the early 1980s; Caldor dumped it around 1984 and even N. Y.-based variety store chain M. H. Lamson—the type of store where one would expect to find sewing notions—has reduced its selection.

Many are giving up on the working woman and trying to curry the younger teen with the message they can sew faddish clothes for less money than they can buy them and faster than they go out of style. The American Home Sewing Association continues its education program in schools.

While most retailers shun the category, there remain a handful determined to fill the void in the market.

"Sewing is one of the core departments at Woolworth," asserts Hank Curran, buyer for the category. "If anything, we are expanding it and it has paid off very nicely for us."

Departments at F. W. Woolworth include everything from zippers to pre-cut fabric. The newest concept at Woolworth is to present a very

strong price/quality image.

Says Curran, "The idea behind sewing is to save money and we have to keep our prices in line so that the sum of the parts are worth the whole...if the parts cost too much, it is not worth making it."

Woolworth not only features leading items from companies such as Coats & Clark and Talon, but offers its own private label, too. Plus, Woolworth is informing women it is in the business via advertisements in publications such as *Woman's Day*.

The emphasis on price, however,

has deflated the category's margins at chains continuing to support sewing. But, the increase in sales offsets the decline, they argue.

Crafts—including yarn goods, needleworks, small wood kits and cross stitch sets—are more commonly found in chains such as Wal-Mart, Ames, Family Dollar and Caldor than sewing notions.

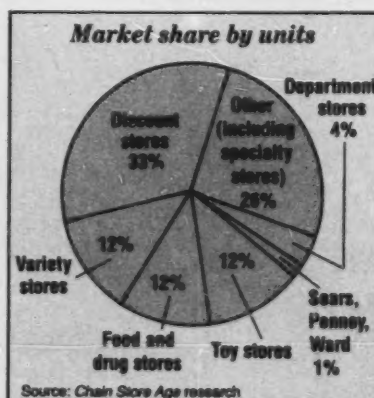
According to a source at Ames, these items still have a strong following. But to be in it, retailers warn that a barrage of items need to be carried. Yarn for example, must be high quality and stocked in a breadth of colors.

"There's a big surge now in country looks and natural decor," adds Curran who says his sewing and crafts business is "neck and neck," although sewing outpaced crafts in 1986. □



*Sewing sales started shrinking when women entered the work force.*

| Productivity breakdown                                                                                                                                                |              |       |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                                                                       | Dept. stores | Big 3 | Mass merch./variety |
| Sales per square foot                                                                                                                                                 | \$38.85      | N/A   | \$65                |
| Annual turnover                                                                                                                                                       | 1.0          | N/A   | 2.2                 |
| Gross margin                                                                                                                                                          | 45%          | N/A   | 31.8%               |
| Source: Chain Store Age research                                                                                                                                      |              |       |                     |
| Growth areas                                                                                                                                                          |              |       |                     |
| <ul style="list-style-type: none"> <li>• Sewing basics</li> <li>• Patterns targeted at young girls</li> <li>• Cross stitch category</li> <li>• Ribbon sets</li> </ul> |              |       |                     |



## Today's sportster is more sedate

**Baby boomers are slowing down, as is their lust for exhaustive workouts. Camping and fishing emerge.**

**A**ging baby boomers are nixing sweaty workouts and formerly trendy raquetball matches in favor of such traditional pastimes as camping, fishing, golf and team sports. The switch could slow retail sales growth in sporting goods slightly, to 4% or less this year, for a projected total of up to \$17.8 billion.

As boomers have more children of their own, camping is becoming an attractive low-cost vacation option. In fact, camping is now the strongest growth category in athletic and sports equipment sales, with an increase of 15.5% last year, according to a survey conducted for the National Sporting Goods Association (NSGA).

Even the fittest of generations appears ready to slack off a bit with the years. Fishing, one of the most sedentary of sports, scored second

highest in growth, leaping 13.5%, the survey indicates.

As the Yuppy segment of the baby boom generation approaches the age of peak interest in golf—45 to 50 years old—the category should continue to post healthy gains. Already, golf is third in growth, up by 11% last year.

The bonanza in camping, fishing and golf is producing mixed results for retail chains. Department stores and discounters are positioned well to gain from the increasing numbers of cost-conscious campers. Specialty chains, however, are proving better-suited to the needs of golfers, especially at the sophisticated upper-end and in open stock.

Every channel of retail distribution stands to gain from this year's expected reawakening of interest in team sports. American adults are

rediscovering "social" athletics and should prove willing to pay for such top of the line goods as \$100 ball gloves and \$60 aluminum bats. "They want what the pros have," says one buyer, who notes that softball is one sport in which discounters can compete with specialty stores in assortment.

Sales of exercise equipment will remain anemic compared with the three-year boom that began subsidizing last year. In 1986, sales remained flat from the previous year at \$1.2 billion.

However, NSGA president James Faltinek says in an association report that last year's exercise equipment sales were propped up by expanded sales for exercise bicycles, which increased 9% to \$424.3 million.

Except for treadmills, sales of all other larger home exercise equipment declined, an indication of market saturation and a reflection of America's aging population.

The look in exercise equipment is leaning toward Eurostyle and pastels. Easy storage is valued.

Heavy exercise equipment is durable, of course, but footwear wears out and is bound to remain an important seller. Buyers continue to expect trade-ups in shoes because of an increasingly high-tech marketplace.

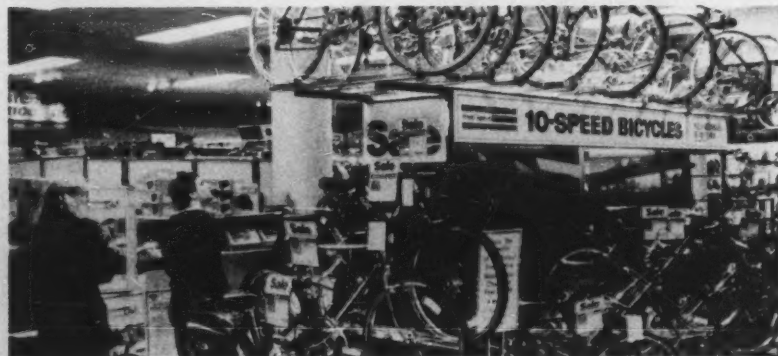
Growth in footwear sales last year was 7%, says the NSGA, with the newer specialized shoes making dramatic increases. Aerobic shoe sales were up 88%, with strong showings for walking shoes, workout shoes and hiking boots. Sneakers registered an 11% decline.

Athletic and sport footwear scored sales of \$3.2 billion—surpassing the \$3 billion-mark for the first time—and industry observers give a single company credit for much of the success.

Reebok, according to Howard Bruns, president of the Sporting Goods Manufacturers Association (SGMA), turned in "the greatest performance of any company in the 112-year history of our industry."

Overall, the NSGA predicts this year's sales growth of 4% will lag a bit behind last year's 5%. The SGMA expects growth this year of 2% to 4%. Total sales, says the NSGA, will reach \$17.3 billion this year, compared to \$16.6 billion last year and \$15.9 billion for 1985. □

| Productivity breakdown                                                                                                  |              |       |                     |
|-------------------------------------------------------------------------------------------------------------------------|--------------|-------|---------------------|
|                                                                                                                         | Dept. stores | Big 3 | Mass merch./variety |
| Sales per sq. foot                                                                                                      | 277          | 268   | 432                 |
| Annual turnover                                                                                                         | 2.2          | 3.2   | 2.7                 |
| Stock turnover                                                                                                          | 12.1%        | 11.3% | 12.2%               |
| Source: Chain Store Age research                                                                                        |              |       |                     |
| Growth areas                                                                                                            |              |       |                     |
| <ul style="list-style-type: none"> <li>• Camping</li> <li>• Fishing</li> <li>• Golf</li> <li>• Walking shoes</li> </ul> |              |       |                     |



For the first time, 10- 12- and 15-speed bicycles topped \$1 billion.



## Ready-to-assemble upgrades

**Fashion colors and finishes are now available in RTA furniture as consumers' tastes and needs change.**

The arrival of what is new and the longing for what is old are both important forces in today's furniture departments.

Driven by the new, shoppers are continuing to choose high-margin stands for such relatively new products as VCRs, which are now in half the nation's homes, according to *Chain Store Age* research.

The spread of stereo television gives customers a reason to bring together all of their electronic home entertainment equipment into a single piece of furniture, thus boosting furniture sales.

Utility carts and storage furniture also remain important in the RTA business.

The new also takes the form of changes in the furniture itself. These include a continuing shift toward resin in higher-end outdoor furniture.

A second generation is arriving in ready-to-assemble furniture with new combinations of materials, new veneers and colors. More RTA pieces boast rounded edges and heavier construction, trends felt in rising price points that could soon approach \$300 for some pieces, even in the mass market.

Many retailers are now adding the color white to their RTA assortments and manufacturers are beginning to show sophisticated grays.

Manufacturers are sustaining the quest for the next big thing in pattern or color. With the latter, blues, sands, aquas and salmon remain leaders, say industry observers. Fabrics featuring Banana Republic looks are popping up in some lines.

Consumers, while buying furniture for their new electronic marvels and keeping abreast of fashion, are also showing a penchant for nos-

talgia.

The new—or at least the current—trend toward apartment or condo living, rather than in larger single family houses, is resulting in space considerations that are giving rise to a product that harkens backward.

Daybeds, many of them wrapped in archaic-looking brass or white-painted iron and trimmed in lace, are relying upon nostalgia to carve a niche. Yet many new daybeds are purchased by space-conscious customers for little girls' rooms.

Retailers have nearly unlimited options in combining frames, bedding, coverlets, cushions and pillows. Accessories, buyers say, provide important step-up potential.

Many discounters are also getting

into the bedroom furniture business for the first time with new RTA offerings. Retailers believe consumers are ready for RTA bedroom pieces if the merchandise looks enough like case goods.

However, even with good growth prospects due to the introduction of RTA night stands, dressers, wardrobes, headboards and mirrors, bedroom RTA will still trail consumer electronics RTA for some time.

Time will tell if merchants are prepared to accept RTA manufacturers' suggestions for RTA departments, even with the movement into the bedroom.

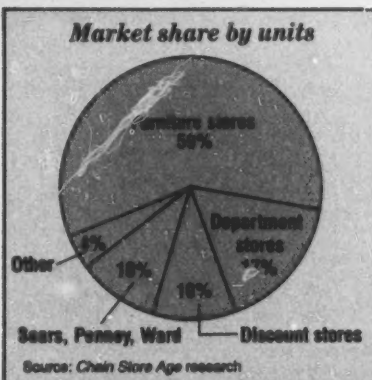
RTA sales have nearly doubled in the past five years, one industry observer says, but the category still claims just 4% to 6% of the furniture market.

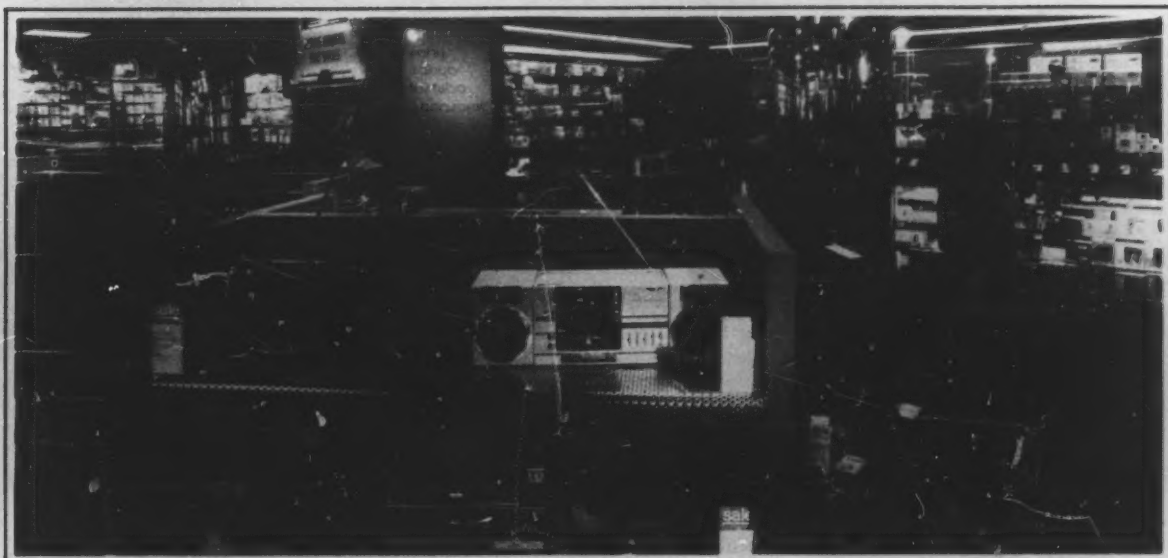
In case goods, the giant of the furniture department, the trend is away from the austere, modern brass and glass, in favor of warmer, more classic looks. □



Department store sales of home furnishings gained 3.1% last year.

| Productivity breakdown                                                                                                              |              |       |                      |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|----------------------|
|                                                                                                                                     | Dept. stores | Big 3 | Mass merch./ variety |
| Sales per square foot                                                                                                               | \$124        | \$110 | \$88                 |
| Annual turnover                                                                                                                     | 1.9          | 2.0   | 3.0                  |
| Gross margin                                                                                                                        | 34.7%        | 35%   | 23.7%                |
| Source: Chain Store Age research                                                                                                    |              |       |                      |
| Growth areas                                                                                                                        |              |       |                      |
| <ul style="list-style-type: none"> <li>• Entertainment centers</li> <li>• Utility carts</li> <li>• Bedroom RTA furniture</li> </ul> |              |       |                      |





Department stores surrendered share to specialists, but the category killer format is proving no magic formula for profits.

## Electronics sales soar, but margins dip

**Sales hit an all-time high of \$38 billion in 1986, but even the superstores had trouble holding onto profits.**

Though retail sales for home electronics hit an all-time high of \$38 billion in 1986 and are expected to hit \$40 billion this year, margins shrank as the year progressed and are shrinking even further.

Only a few years ago, it seemed that whoever hung out a shingle and called himself a electronics superstore could make a profit. If it ever was true, 1986 proved that the category killer format in electronics was not some magic formula for profits.

The Federated Group, headquartered in the City of Commerce,

Calif., lost nearly \$7 million in the final quarter of 1986 and ended the year almost \$6 million in the red.

Both Michigan-based superstores, Fretters and Highland, experienced margin slippage as the year progressed, and Highland held off from earlier expansion plans so that it could pause, catch its breath and avoid The Federated Group's experience with too rapid expansion.

However, proving that the superstore format is far from dead, Richmond, Va.-based Circuit City recorded its first-ever \$1 billion year,

making it the largest retailer of branded consumer electronics goods.

Not that the market for private label has disappeared. Tandy's Radio Shack division turned in a banner year, aided by the overwhelming popularity of its personal computers in the fourth quarter.

Even Montgomery Ward, while touting its change to an electronics superstore format and a commitment to branded goods, still is keeping private label in many categories, especially televisions and major appliances. Ward opened its first stand-alone electronics superstore in Oceanside, Calif., in March and plans more superstore expansion in Chicago later this year.

Sears is still sticking, some say stubbornly, with private label. With much hoopla last year, Sears added the RCA nameplate to its video mix, but apparently to mixed success. Despite promises of being street-price competitive on branded goods, it still has enormous operating cost disadvantages compared to its competition. Though Sears does not break out figures for specific merchandise departments, it is generally suspected that the catalog chain lost market share last year.

This year should prove just as tough. VCR sales have finally leveled off, and another hit product has yet to peek over the horizon. The best bets for growth this year: stereo TV, LCD-TV, compact disc players and VHS camcorders.

### Productivity breakdown

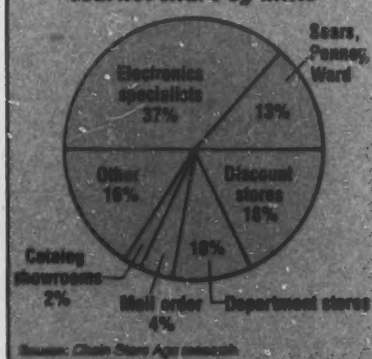
|                       | Dept. stores | Big 3 | Mass merch./ variety |
|-----------------------|--------------|-------|----------------------|
| Sales per square foot | \$225        | \$405 | \$247                |
| Annual turnover       | 2.7          | 2.7   | 3.0                  |
| Gross margin          | 19.6%        | 22.6% | 15.6%                |

Source: Chain Store Age research

### Growth areas

- Stereo televisions
- Compact disc players
- Camcorders
- LCD televisions

### Market share by units



## Textiles and photo record gains

Customers in the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends poll are giving every indication that they have not quite finished the spending spree they started over two years ago.

Despite many indicators—including a combination of dropping consumer confidence, a slower pace for

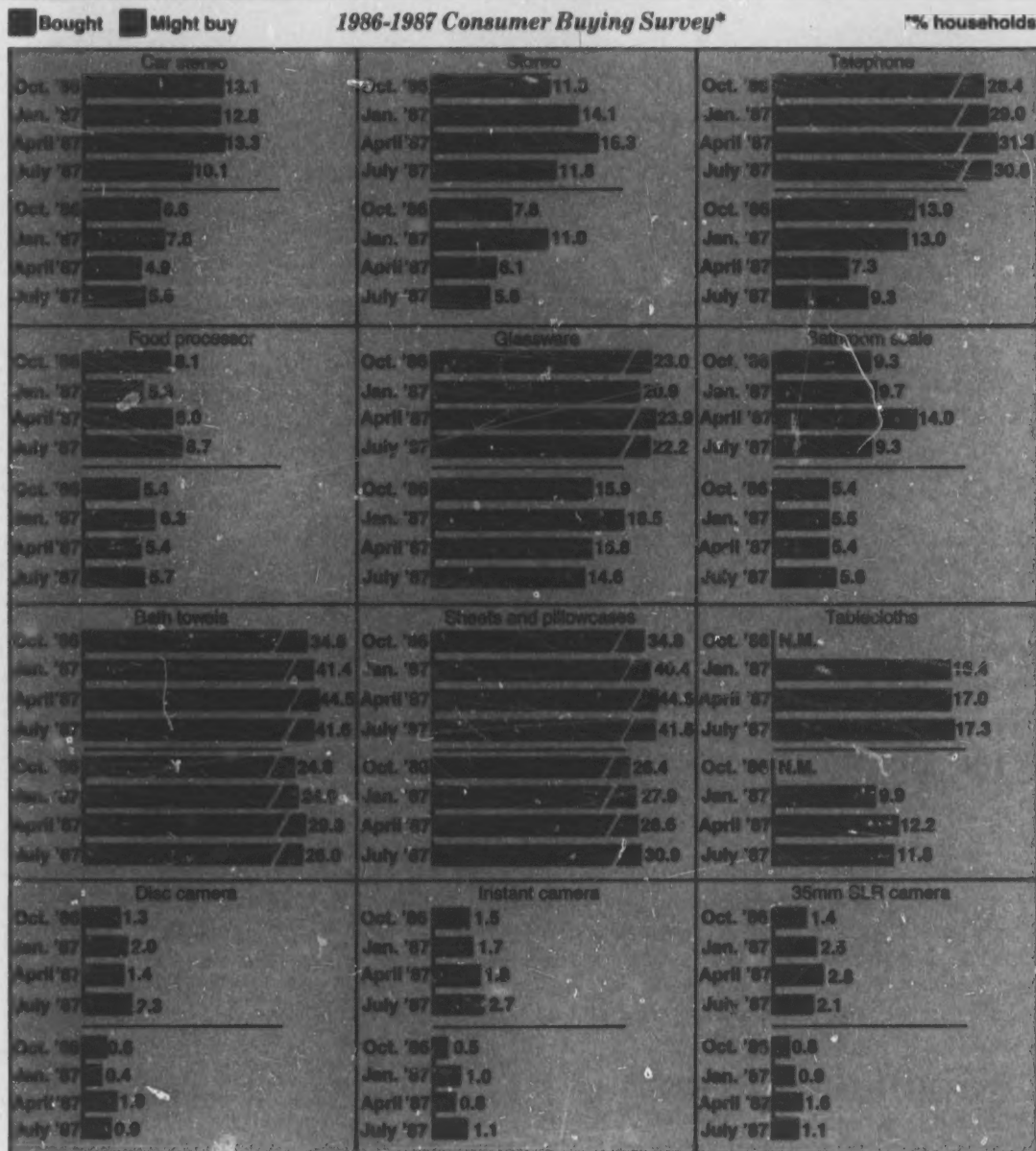
new housing starts, low savings rates and high debt levels—that otherwise would foreshadow soft sales for the remainder of the year, the MarkeTrends poll indicates that there are at least a few more items on the customer's shopping list before she closes her purse.

In the current nationwide telephone survey of 450 U. S. house-

holds, the MarkeTrends families are reporting increased buying intentions for 8 of 11 products tracked in both the current poll and the one conducted exactly a year ago.

Posting the biggest gains this month are sheets and pillowcases, bath towels, single lens reflex cameras and food processors. Also showing increases are tablecloths, bathroom scales, instant cameras and glassware.

Customer buying plans for disc



N.M. = Not measured

Source: Chain Store Age/Leo J. Shapiro & Associates



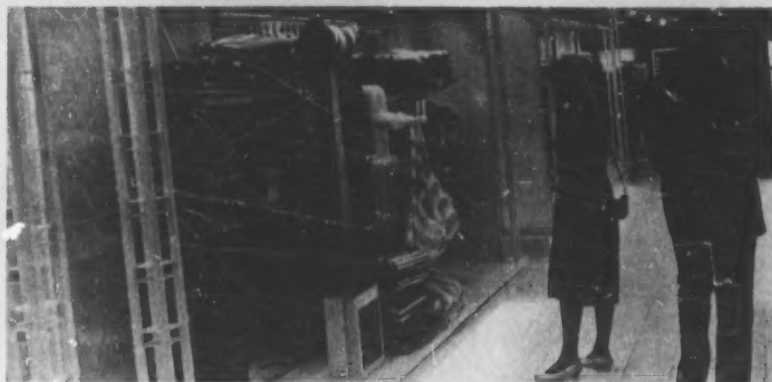
cameras, according to the MarkeTrends poll, are holding even with figures reported in the survey a year ago.

Both of the home electronics categories in this month's survey—telephones and stereos—recorded decreases in buying plans.

But it is the upticks in the current survey that are unexpected. Early in the year, the MarkeTrends families gave every indication that they were ready to rein in their spending for the rest of the year. Last month, however, the survey families hinted that they were not quite done buying. This month's results seem to confirm the trend.

One possible explanation for the customer's upbeat buying plans in the face of otherwise lackluster economic news is the gain recorded in employment figures over the last several months. While measures of unemployment have dipped only slightly, the number of employed workers has shown more dramatic gains.

Adding to the list of good economic news has been an increase in real



Posting the largest gains this month are the home textiles categories.

income for the average family. After holding steady for several months, income figures began moving up again in late spring.

The combination of more participants in the workforce and higher wages could be enough to keep the spending spree going at least until the end of the year.

Sales gains, however, will not be equal across all merchandise categories. The pattern recorded in the

most recent MarkeTrends survey is similar to the one seen all this year and will likely be reflected in sales.

Among the hard lines departments, the best increases will be for home textiles. Housewares are showing some gains in customer buying plans, but below the pace set by domestics. Photo/camera may show slight gains, as should home electronics, according to the MarkeTrends poll. □

**Penguin Products** introduces its L'Ectronique electronic jewelry line. New fashion territories can be explored with the innovative marriage of accessories and electronics.



Available are The Necktunes radio necklace, The Lite-Falls earrings and The Reminder digital memo bracelet. (Penguin Products Inc., 5 Old Windsor Rd., Bloomfield, Conn. 06002.)

**Caboodles of California** introduces its new cosmetic organizing

kits. Caboodles come in seven sizes, ranging from a small two-sided 14-compartment box, to the largest



model measuring about 16 inches long. There are five other sizes with other configurations. Suggested retail price: \$3 to \$25. (Caboodles of California, Plano Molding Co., P.O. Box 189, Plano, Ill. 60545-0189.)

**Facsimile Fragrances** introduces its version of Christian Dior's Poison that offers the potency of the original, without the lethal dose of high price. The new, aromatically accurate alternative to Poison contains a higher percentage of natural fragrance oils than the original, yet retails for only \$9.95, 85% less than the Dior brand, (Facsimile Fragrances Ltd., 6835 Valjean Ave., Van Nuys, Calif. 91406.)

## IMPORTANT NOTICE TO RETAILERS

Scott periodically makes available Performance Allowances on special short-term promotions of specific Scott products.

Payments are made for advertising in newspapers, handbills, radio or television; special price features; displays; extra trading stamps; store coupons; and other consumer directed promotions.

Merchandising materials consisting of display material, newspaper mats, repros, etc. are also made available. Such services and materials are designed so that one or more of them may be used by all retailers.

For details, contact your supplier, local Scott Representative or write directly to:

SCOTT PAPER COMPANY  
DEPARTMENT C—PROMOTION  
SCOTT PLAZA 1  
PHILADELPHIA, PA 19113

# SCOTT

# SHOPPERS WANT A FULLY-LOADED TELEVISION

Customers want it all, and they want it for less. Their next TV? A 19-inch color portable, cable ready, remote control and now they want to watch it in their bedroom.

**W**hat does the customer want in a television? Color, of course. It should be a portable. Do not forget remote control. Make it a 19-inch screen. While you are at it, add MTS stereo. And by the way, do not forget to lower the price \$13 from what you charged last year.

According to the latest *Chain Store Age*/Leo J. Shapiro & Associates monthly MarkeTrends poll, customers are looking for more features on televisions than ever. And just as they have for the last 40 years, customers expect to pay less for their next TV than they paid for their last television.

A year ago, the 450 randomly selected families in the nationwide telephone survey said that they expected to pay a median \$500 for a new television. This year the MarkeTrends families report that they expect to pay a little less, or \$487.

Customers may expect to pay less, but that does not mean they expect to get any less for their money. In fact, they want more. According to the latest poll, about two-thirds of the MarkeTrends families now say that they want remote control. Just a year ago, only a little more than half of the survey households (56%) reported that remote control would be a must on their next TV.

Built-in MTS stereo decoders have come on strong in the last year, too. In the most recent survey, the number of households saying they want a stereo television the next time out is just about equal to the number reporting that they will stick with mono-TV. Compared to

last year's results, about 8% more households are looking for stereo television.

**Reruns:** In just about every other way, however, customers this year are looking for a TV that looks pretty much like the one they bought last year. Color sets are the choice for about 28 out of every 29 MarkeTrends families, just about the same ratio as 1986.

Portable sets are still preferred by the largest number of customers.

Just as in the poll conducted a year ago, about 64 out of every 100 MarkeTrends families report that their next TV will be portable. About 28 out of 100 say that they will buy a console, while the remaining eight families look forward to buying a projection television.

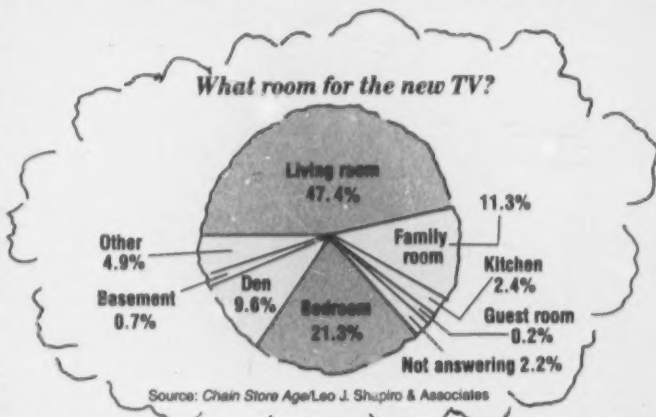
Nineteen-inch screens are still the most popular size, but the reliable 19-incher's allure has diminished somewhat in the last year. Though the choice of almost one-third of the current MarkeTrends families, 19-inch televisions were the pick for about 40% in the year ago poll.

In contrast, virtually every other screen size is gaining in popularity. For example, almost 25% more families report that they want a small screen TV (less than 18 inches) this year. About 2% more want a large screen television (more than 24 inches).

On the average, families in the MarkeTrends poll say that they expect to pay \$350 for a 19-inch TV. A television with a screen size between 20 and 24 inches should cost \$475. TVs larger than 25 inches should go for \$800. For televisions smaller than 19 inches, the survey households think that they will have to pay \$300.

The increased interest in smaller screen TVs is probably due to a change in why the customer is in the market and where he expects to view his new television.

Though the average buyer still is looking to replace a television he already owns, proportionately more of the TVs sold this year will be sets



bought in addition to, rather than to replace, old reliable. Last year 63% of the MarkeTrends families said that they were replacing an old set. This year, the figure is down to 54%.

According to the MarkeTrends survey, a new television that is replacing an older model should cost an average \$500. A TV for a new spot in the house should cost about \$100 less.

Changing, too, is where the customer expects to watch the TV he buys this year. Just as in the poll a year ago, the family living room remains the preferred place to watch the new TV. About 47% of the MarkeTrends families say they will put their new TV in the living room. Another 21% say it will be the family room or the den.

But the bedroom is growing in popularity when it comes to TV watching. In last year's survey, 18% of the MarkeTrends families reported that the bedroom was the destination for the new television. In this year's poll, the number has jumped to 21%.

Other rooms mentioned by the survey families are the kitchen (2%), basement (1%) and guest room (less than 1%).

The TV destined for somewhere other than the living room or the family room will have fewer fea-



About 28 out of 100 in the poll say that they will buy a console television.

tures. Because there will be fewer features, the MarkeTrends families do not expect to pay as much for it. For example, the average customer expects to pay \$300 for a bedroom television, compared to \$500 for the living room TV and \$600 for a family

room or den television.

**All those remotes:** Whether in the bedroom or in the living room, remote control is emerging as the most popular of all video features, according to the MarkeTrends families. Just about everything associated with a TV now comes with its own remote, and from what the survey families are saying, they want it all.

In addition to the 2 out of every 3 families that say they want a remote control for the new TV, add the 53% who report that they expect to use their television with a video cassette recorder, which is likely to have its own remote. About 37% of VCR owners report that their recorder has a wireless remote control.

Add, too, the 56% of the MarkeTrends families that say they subscribe to a cable television service, which is also likely to have a remote control of its own. Of the cable subscribers in the survey, 43% say that their cable converter box has a remote control device.

The result for many families has been three—or even more—remote control devices cluttering the coffee table in the living room. If the MarkeTrends families follow through on their buying intentions, then the market for unified remote control devices looks brighter than ever. □

## VCRs hit halfway mark

Still do not own a VCR? You are in the minority now. According to the most recent MarkeTrends poll, 50.4% of the families in the nationwide telephone survey report that they own at least one video cassette recorder. It is the first time in nearly five years of MarkeTrends polling that VCR owners outnumber those who do not own a video recorder.

And the sales boom is not over yet. Though nearly 3 out of 4 of the families in the MarkeTrends survey rule out any chance of buying a video cassette recorder anytime within the next year, a healthy 24.7% of those in the latest poll report that there is at least a chance they will purchase a video recorder sometime within the next 12 months.

In the survey, 4% of the households say that they definitely ex-

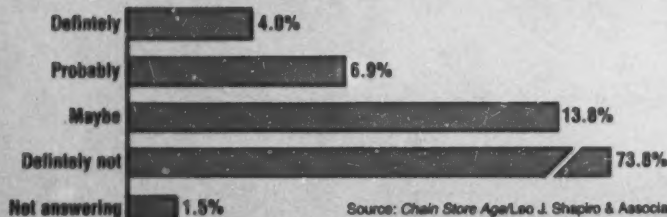
pect to buy a VCR this year. Another 6.9% rate their chances of buying as probable, while 13.8% report that they may buy.

**Slowdown:** Though still strong, customer buying plans are below what they were just a year ago. In the July 1986 MarkeTrends poll, 5.1% reported that they definitely would buy a VCR. Another 7.9% said they

probably would buy, and 13.9% reported that they may buy. In the year ago survey, 71.4% said there was no chance of buying.

Combined, customer buying plans in 1987 are running 8% below those recorded in the July 1986 survey. Actual sales to dealers, according to the Electronics Industries Association, are up slightly over last year.

Customers rank their chances of buying a VCR



Source: Chain Store Age/Leo J. Shapiro & Associates



# DISCOUNTERS CLEAN UP IN KITCHEN TEXTILES

Discounters presently hold the lion's share of the market in these kitchen helpers, but signs indicate their hold is slipping. Terry cloth remains the No. 1 choice in fabrics.

**D**iscount chains are where the action is in kitchen textiles these days.

Though there are signs that discounters may not have as much clout next year in selling such items as dish towels, potholders, and aprons in coming months, they still seem certain to continue their dominance in coming months.

Where discount chains garnered 48% share of consumer sales the past year, for instance, a *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends study still shows that 41% of the households polled will probably buy their next dish towel in these outlets in the next 12 months.

Appearing to gain share this year, on the other hand, are the national merchandisers—Sears, Ward, and Penney—and department stores. Some 17% of the respondents in the study say they expect to buy dish towels at the former; 12% at the latter. During the past year, 10% of the consumers polled bought towels at the Big 3; 11% in department stores.

K mart accounted for 14% of the discount store volume, while Sears and Penney split the Big 3 take with 4% and 5% respectively.

In the exclusive study, 42% of the households surveyed said their potholders/oven mitts purchases would likely be made in discount stores; 14% in national merchandisers; and 12% department stores. Again, K mart dominated its field with 17% share, while Sears took the lion's share of the potholder business in the Big 3 chains.

Consumers are less likely to buy aprons at the discount chains, how-



*When it comes to styling, the majority of consumers want patterned textiles.*

ever, with 34% shopping the products in those outlets as opposed to 15% opting for the national chains and 14% for department stores.

Of the discount shoppers, 14% say they most likely will make their next apron purchase at K mart. Sears was most favored of the Big 3 chains.

Interestingly enough, some 4% and 5% of the households would make their purchases of dish towels and potholders/mitts, respectively, in supermarkets, the study showed. No other retail channel was cited by more than 3% of the consumers as their source for kitchen textiles.

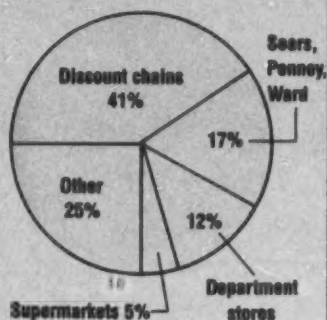
In their search for dish towels, most consumers (60%) indicate they will zero in on terry cloth numbers. Those preferring another type of cloth lean to towels made of 100% cotton. Sixty-two percent of the consumers polled would select this

alternative.

To most consumers (73%), performance of the product is more important than appearance in determining their dish towel selections. When it comes to styling, however, 45% of the canvassed consumers want patterned towels as opposed to 38% seeking solid color numbers. Half of the households prefer hemmed dish towels, while 28% want fringed towels.

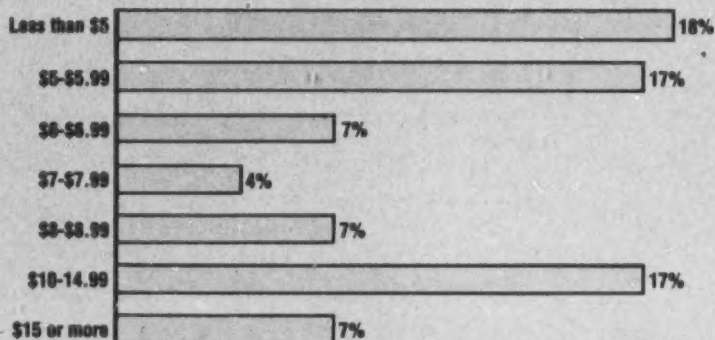
As for price, most households (24%) in the study say they expect to pay \$2 for a dish towel, while 22% place the figure at \$2.50 or more, and 15% at \$1-\$1.24. Although only 37% of the consumers polled say they bought dish towels in the past year—61% said no—many of the purchases were multiple in nature. Twelve percent of the households say they had bought five or six towels the past year, while 11% pur-

## Where consumers will buy dish towels...



Source: Chain Store Age/Leo J. Shapiro &amp; Associates

## Price consumers expect to pay for aprons...



Source: Chain Store Age/Leo J. Shapiro &amp; Associates

chased 10 or more. The percentages were much lower for other numerical levels in the study.

The consumer purchase level of potholders/oven mitts last year was even lower than in dish towels. The report shows that 77% of the respondents bought neither a potholder nor mitt within the past 12 months. Eight percent of the 19% who purchased the items, though, bought the holder and the mitt as a set. Some 90% of the purchases were for the consumer's own use.

If they were to buy another potholder, 60% of the consumers polled say they want one made of fabric other than terry cloth. Only 27% are satisfied with terry cloth. The study also shows that 74% of the consumers would want a potholder/mitt that is coated with a metallic substance to prevent scorching.

About half of the respondents do not care whether the potholders coordinate with their other kitchen textiles. Only 16% of the households deemed this feature to be very important.

The sales outlook for both potholders and mitts is reasonably good. The study showed that 19% percent of the households think chances are good that they will buy the former in the coming year, while 16% indicate that the possibility is strong for the latter.

And what do they expect to pay for the potholders and mitts? Twenty-one percent of the respondents say they will likely pay \$1-\$1.25 for a potholder; 20% between \$2-\$2.24.

Some 17% expect to pay \$2.50 or more for potholders.

Price expectations are higher in mitts. About one-third (34%) of the households checked see \$2.50 or more as the prevailing price for these items, while another 22% expect to pay \$2-\$2.24 for their mitts.

The MarkeTrends study shows that 69% of the households buy

it; 24% were somewhat interested in the feature; 44% were not interested at all.

In buying aprons, most consumers polled (18.4%) expect to pay under \$5 for an apron, although 17% expect to pay between \$5-\$5.99, and another 17% between \$10 and \$14.99. Retailers should expect no surge in demand for aprons, however. Only 11% of the



Surprisingly, consumers are less likely to shop for aprons at discount chains.

aprons as gifts, usually for a woman. Nearly half (47%) of the consumers polled want full-size aprons, as opposed to half size favored by 39%.

Similarly over half (59%) of the respondents want patterned aprons, while 26% want solid colors. The color preferences ranged across the spectrum, although blue led the popularity parade with 10% citing it as the wanted shade.

Twenty-two percent of the consumers checked were very interested in having an apron with words on

respondents feel that chances are good that they will buy an apron in the next 12 months.

When it comes to dish cloths made of fabric, 52% of the respondents said they use this type of cloth to wash their dishes.

What's more, the sales potential of the items is great. All of the consumers who ever use fabric dish cloths say that chances are good that they will probably or definitely buy another one within the coming 12 months. □

## SALES A BREEZE WITH ELECTRIC FANS

"No sweat" in store for retailers of electric fans. Customers plan to cool off as all varieties register strong buying intentions with ceiling fans sweeping the field.



*Oscillating fans are voted the second most popular choice of consumers (20%), lagging behind ceiling fans (45.6%).*

Ceiling fans have come into their own.

Nearly half (45.6%) of the consumers canvassed in the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends study of their electric fan buying intentions indicate that they would most likely purchase a ceiling unit if they were to purchase another model. By the same token, 42.9% of the respondents say that ceiling units come to mind first when they consider buying a fan for the home.

Other types of fans trailed far behind in terms of both consumer awareness and buying intentions. Oscillating models, for instance, were foremost in the minds of 15.3% of the respondents, while box and window models were cited by 12% and 10.9%, respectively.

As for buying intentions, 20% say oscillating models would be the type

they would most likely buy, while 16.9% would give first consideration to box fans. In neither case, awareness nor intent, did other fan categories—pedestal, personal, fan heaters or attic fans—each command a positive reaction from more than 6% of the respondents.

In fact, fan-heaters, the new kids on the block, are only favored by about 1% of the respondents. Pedestal fans, which K mart senior buyer Dennis Dorn expects to create the major excitement this season, are cited by only 4.4% of the consumers checked. Another newcomer to the ranks, clip-on fans, received no mention by consumers in the study.

Despite lower prices that have dotted the retail scene this spring, most consumers think of ceiling fans in high-ticket terms. Indeed, heady competition has driven prices down as low as \$39 and \$29 in some stores.

The low tags are credited for reviving the classification at one Eastern department store. They are also prompting a West Coast department store merchandise manager to "reach for higher-end units" in order to maintain profitability in the category.

His move may just be the right tack to take with ceiling fans. For the MarkeTrends study shows that 39% of the consumers who give ceiling models top priority in fan buying expect to spend \$100 or more for the unit they would want. At the same time, 34% would expect to pay between \$50 and \$79.99. It appears that consumers treat ceiling fans more as decorative furnishing pieces than small appliances as they do with other types of fans.

Consumers, for instance, expect to pay considerably less for other more basic fans. Some 27% of the consumers seeking oscillating fans



expect to pay less than \$20 per model, while 13.5% and 14.6% would expect to pay, respectively, \$20 to \$24.99 and \$25 to \$29.99. Still another 27% expects to spend between \$30 and \$39.99 for an oscillator model. By the same token, 31.6% expect to pay under \$20 for a box fan, while 25% would expect to pay \$25 to \$29.99. Pedestal fan expectations were spread fairly evenly across all price points from under \$20 to \$59.99.

As for what price the consumer is willing to spend, the study shows that 50.2% of the respondents would spend over \$100 for a ceiling fan, while 15% would go \$60 to \$79.99; and 11.7%, \$50 to \$59.99. In oscillators, the largest percentage of consumers—27% and 19.1% respectively—would be willing to pay \$30 to \$39.99 and under \$20. Most popular box fans would sell at under \$25, the survey shows, with 51.3% of the respondents favoring these price points.

At the same time 34.2% are targeting their purchases to units retailing from \$25 to \$39.99. Again, there was no pattern in pedestal fans with all price points each attracting either 10% or 25% of the consumers polled.

Price aside, the sales potential for fans is fairly high. Some 15% of the respondents indicate that they will definitely or probably buy a fan within the next year, while 23.1% say maybe. On the other hand, 52.2% are definitely not planning fan purchases.

Of all fan classifications, ceiling units appear to have the strongest potential: 20% of the consumers polled say they definitely or probably will purchase one within the next 12 months, while the percentage was 16.9 for oscillators, and 10.5 for box fans. Pedestal fans garnered a definite vote from 5%. While 27.8% of the ceiling fan supporters said they might buy a unit within the year, the figure was 19.1% for consumers wanting oscillators, 30.3% for box fans and 15% for pedestal fans.

Where do consumers buy their fans? Discount stores are the preferred outlets, with 26.4% of the consumers covered by MarkeTrends citing them. Of these outlets, K mart garnered 12.9% percent of the business. The Big 3 national merchandisers—Sears, Montgomery Ward, and J. C. Penney—came in for mention by 14.9%

of the consumers, and hardware stores and home centers, 11.3%.

Some 7.6% and 5.6% of the consumers said they would most likely buy a fan in specialty stores and full line department stores, respectively. Only 2.2% plan to buy fans in appliance stores; 1.8% in drug stores; and 1.1% in catalog showrooms. Less than 15 of the respondents plan to buy fans in variety stores and supermarkets.

According to the study, most fans are purchased for the bedroom

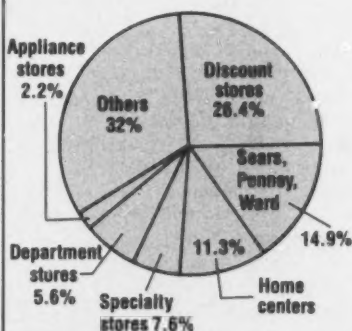
under 1% for the attic.

The study shows that oscillators and box fans are purchased largely for the bedroom, while half of the pedestal fans bought are for use in the living room. According to MarkeTrends, 41.6% of the consumers plan to buy oscillating fans for the bedroom, 37.1% for the living room, while 50% of the box fans are purchased for the bedroom and 40.8% for the living room. Half of the pedestal fans are acquired for living room use.



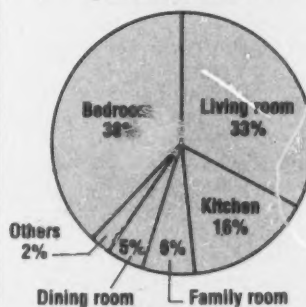
Of those polled, 39% expect to pay \$100 or more for their next ceiling fan.

Where consumers buy fans...



Source: Chain Store Age/Leo J. Shapiro & Associates

What rooms fans are purchased for...



Source: Chain Store Age/Leo J. Shapiro & Associates

(38%) and living room (33%), while 16% of the new fans are bought for the kitchen. Of the ceiling fan purchases, 29.3% are for the bedroom, 31.7% for the living room, and 18% for the kitchen.

After that, the percentage of consumers buying fans for other rooms in the house dropped sharply. Some 6.4% planned to buy units for the family room; 4.9% for the dining room; 3.8% for the den; 1.6% for the hallway; 1.1% for the bathroom; and

There are factors other than price that consumers consider in making their fan buying decisions. Safety features are deemed extremely important to 60.7% of the potential fan purchasers, while manufacturer's warranty is a major factor for 46.2%. After price, which is most important to 45.3% of the respondents, comes styling considered important by 35.8%; brand, 20.7%; and store where purchased, 16.7%. □

## Tax rates drop, earnings rise

Profit gains for the nation's biggest retailers outpaced moderate sales increases in the fiscal year's first three months. For the 24 retail companies tracked by *Chain Store Age*, earnings for the first quarter were 20.1% ahead of last year's pace.

While many merchants credited tighter expense control, leaner inventories, slightly stronger than expected volume and fewer mark-downs for the earnings gains, the major contributor to the brighter profit picture was a reduction in effective federal tax rates.

In last year's third and fourth quarters, tax reform had eaten into profits as retail companies lost some depreciation allowances. This year, however, lower tax rates kicked into the equation and dramatically pumped up earnings.

J. C. Penney, for example, posted a 5.9% sales gain in the first quarter. Nonetheless, the catalog chain's tax bite fell 52% from \$68 million in 1986 to \$33 million this year.

Penney's first quarter pretax profits hit an all-time high of \$218 million before a \$140 million provision for costs associated with its planned relocation of its headquarters out of New York City to Plano, Texas. Aftertax earnings for the catalog chain fell 14.3%.

Profits dropped at fellow cataloger Sears in the first quarter, too. Earnings for the U. S. Merchandising Group were off 25.6% to \$31.3 million after an extraordinary \$20 million aftertax charge related to restructuring of distribution operations. Without the charge, Sears would have posted a 21.8% earnings gain in the quarter.

At Montgomery Ward, which dropped its catalog operations two years ago and now prefers to be called a specialty retailer, profits for the first three months leaped ahead 300% from \$2 million a year ago to \$8 million in 1987. The profit gain comes on the heels of the former catalog chain's highest profit year ever.

Also taking comfort in the profitability of its repositioning was F. W. Woolworth. The company, which is best known for its variety stores, has in recent years successfully turned its attentions to special-

| First quarter profits higher than expected |                 |                 |               |
|--------------------------------------------|-----------------|-----------------|---------------|
| Chain                                      | 1986            | 1987            | % change      |
| J. C. Penney                               | 63,000          | 54,000          | - 14.3        |
| Sears                                      | 42,100          | 31,300          | - 25.6        |
| Montgomery Ward                            | 2,000           | 8,000           | + 300.0       |
| <b>Subtotal</b>                            | <b>105,102</b>  | <b>93,300</b>   | <b>- 11.1</b> |
| Dollar General                             | (1,734)         | (1,531)         | N.M.          |
| Jamesway                                   | 866             | 1,273           | + 47.0        |
| K mart                                     | 91,600          | 115,500         | + 26.1        |
| Rose's                                     | 6,515           | 7,689           | + 18.0        |
| Wal-Mart                                   | 73,391          | 110,390         | + 50.4        |
| F. W. Woolworth                            | 20,000          | 29,000          | + 45.0        |
| Zayre                                      | 16,696          | 20,998          | + 25.8        |
| <b>Subtotal</b>                            | <b>207,334</b>  | <b>283,319</b>  | <b>+ 36.6</b> |
| Carson Pirie Scott                         | (3,116)         | 621             | N.M.          |
| Carter Hawley Hale                         | 400             | 17,900          | N.M.          |
| Dayton Hudson                              | 38,600          | 38,100          | - 1.3         |
| Dillard                                    | 11,796          | 14,502          | + 22.9        |
| Elder-Beerman                              | 1,137           | 1,133           | N.C.          |
| Federated                                  | 47,349          | 50,104          | + 5.8         |
| May Dept. Stores                           | 45,800          | 63,500          | + 38.6        |
| <b>Subtotal</b>                            | <b>141,966</b>  | <b>185,660</b>  | <b>+ 30.9</b> |
| Child World                                | (80,943)        | (104,153)       | - 28.7        |
| Toys "R" Us                                | 10,340          | 14,523          | + 40.4        |
| <b>Subtotal</b>                            | <b>(70,603)</b> | <b>(89,630)</b> | <b>- 26.9</b> |
| Clothesime                                 | 1,801           | 2,556           | + 41.9        |
| Edison Brothers                            | 4,700           | (1,100)         | N.M.          |
| The Gap                                    | 10,200          | 16,200          | + 58.8        |
| <b>Subtotal</b>                            | <b>16,701</b>   | <b>17,656</b>   | <b>+ 5.7</b>  |
| Best Buy                                   | 1,156           | 1,617           | + 39.9        |
| Federated Group                            | 2,419           | (6,902)         | N.M.          |
| <b>Subtotal</b>                            | <b>3,575</b>    | <b>(5,285)</b>  | <b>N.M.</b>   |
| <b>Total</b>                               | <b>404,075</b>  | <b>485,220</b>  | <b>+ 20.1</b> |

( ) Indicates loss N.C. No change N.M. = Not meaningful  
Source: Chain Store Age research

ty retailing. Woolworth's first quarter profits were \$29 million, a 45% gain from the \$20 million recorded a year ago.

Discount stores, too, recorded one of their best first quarters. Comparing to an exceptionally strong period a year ago, the discounters nonetheless turned in equally strong profit gains this year.

Wal-Mart's 50.4% earnings increase predictably led the pack, but others were not far behind. Profits for New Jersey-based Jamesway were up 47%. North Carolina-headquartered Rose's recorded an 18% earnings gain. K mart's profits were up 26.1% for the quarter.

Zayre Corp. earnings gained 25.8% in the first three months, but within the figures was evidence of a less than robust rebound in its discount store division. Operating income for Zayre Discount Stores fell slightly for the first quarter and is down nearly 12% for the trailing 52-week period.

The specialty divisions at Zayre more than made up for the discount

store division's 1% profit decline in the quarter. The specialty stores, which include Hit or Miss and T. J. Maxx, recorded a 38% earnings gain.

Also showing a profit was Zayre's warehouse club division, which includes B. J's and HomeClub. The warehouse clubs posted a \$3.7 million profit in the first quarter, compared to a \$1.5 million loss in the same period a year ago.

Also showing strong profit increases were the department stores. May Dept. Stores, despite reported troubles in digesting its acquisition of Associated Dry Goods a year ago, still managed a 38.6% profit increase in the first quarter. Federated Department Stores recorded a more modest 5.8% earnings gain.

Dayton Hudson profits dipped slightly, but were the result of both weak performance by its Mervyn's promotional department store chain and startup costs associated with its Target discount store chain expansion into former Gemco locations in California.

## Mixed results in May, sales up 10.4%

After a brisk Easter season, May was a disappointment for the nation's biggest retailers. Sales at most retail companies were below the unexpectedly fast pace set in the year's first quarter. For the 19 retailers tracked by *Chain Store Age*, May volume gained a combined 10.4%. In the 4-month-old fiscal year, sales are 10.8% ahead of 1986.

Just as the first quarter's stronger than expected sales pace caught many industry analysts without an explanation, May's slight slowdown leaves the retail gurus apparently equally perplexed. Last month's sales gains, for example, were widely attributed to apparel price hikes. Now the same industry watchers are pinning the blame for the month's sales slowdown on the very same inflation in apparel.

The two sides of the argument represent more than an academic exercise. If retail price hikes for apparel stick, the sales and profit climate for the remainder of the year looks good. If not, then it could be confirmation that shrinking disposable income and high installment debt are finally ready to take their toll in trimmed back buying plans.

Still, economists may be looking at the wrong numbers. Though disposable income shrank in May, employment continued to grow. Until employment figures cool down, the outlook for retail sales continues to look good.

Just how good May was depends upon whom you ask. Among the Big 3, only J. C. Penney was likely to applaud the month's results. Penney's sales gained 11.2% with same-store results up 10.7%. For Sears, the nation's largest retailer, May volume inched up a more modest 2%.

At Montgomery Ward, sales were up 3.1%, but the company characterized the increase as below plan. Ward's totals were negatively impacted by its exit from some highly seasonal merchandise categories. For the 4-month-old fiscal year, Montgomery Ward sales are 7.4% ahead of 1986.

Among the diversified department store companies, results for the month were equally mixed. May Dept. Stores, Dayton Hudson and Federated all recorded sales gains that were below their year-to-date performance. However, Los Ange-

## May sales slow from first quarter pace

| Major chains                    | % change      | May sales*          |                     | Stores   |          | 4-mo. sales*        |                     | % change      |
|---------------------------------|---------------|---------------------|---------------------|----------|----------|---------------------|---------------------|---------------|
|                                 |               | 1987                | 1986                | 1987     | 1986     | 1987                | 1986                |               |
| Sears <sup>1,2</sup>            | + 2.0         | \$ 2,009,756        | \$ 1,970,610        | 806      | 799      | \$ 7,925,800        | \$ 7,633,289        | + 3.8         |
| Penney <sup>1</sup>             | + 11.2        | 1,042,000           | 937,000             | 1,900    | 1,844    | 3,910,000           | 3,712,000           | + 5.3         |
| Ward                            | + 3.1         | 336,800             | 326,800             | 296      | 292      | 1,272,600           | 1,184,700           | + 7.4         |
| May Dept. Stores                | + 9.1         | 792,000             | 726,000             | 2,817    | 2,513    | 3,088,600           | 2,805,500           | + 10.1        |
| Dayton Hudson                   | + 10.8        | 688,200             | 621,300             | 487      | 1,214    | 2,787,300           | 2,454,900           | + 13.5        |
| Federated <sup>3</sup>          | + 4.6         | 627,300             | 599,500             | 507      | 485      | 2,570,100           | 2,438,200           | + 5.4         |
| Carter Hawley Hale              | + 8.6         | 262,800             | 241,900             | 316      | 279      | 1,092,200           | 1,017,700           | + 7.4         |
| Mercantile                      | + 6.8         | 155,832             | 145,967             | 82       | 80       | 615,196             | 574,527             | + 7.1         |
| Carson Pirie Scott <sup>4</sup> | + 19.3        | 56,800              | 47,599              | N/A      | N/A      | 244,000             | 206,912             | + 17.9        |
| K mart <sup>5</sup>             | + 8.2         | 1,936,400           | 1,790,300           | 2,202    | 2,183    | 7,303,900           | 6,706,900           | + 8.9         |
| Wal-Mart                        | + 34.6        | 1,281,000           | 952,000             | 1,091    | 928      | 4,492,000           | 3,296,000           | + 36.3        |
| Zayre                           | + 20.7        | 451,200             | 373,800             | 1,107    | 1,011    | 1,747,000           | 1,467,000           | + 19.1        |
| Woolworth <sup>2</sup>          | + 6.6         | 290,000             | 273,000             | N/A      | N/A      | 1,224,000           | 1,153,000           | + 6.2         |
| Ames                            | + 8.7         | 157,000             | 144,500             | 468      | 452      | 598,900             | 515,300             | + 16.2        |
| Bradlees                        | + 10.2        | 150,000             | 136,000             | 166      | 156      | 553,000             | 507,000             | + 9.1         |
| Tandy <sup>2</sup>              | + 4.3         | 207,887             | 199,362             | N/A      | N/A      | 886,819             | 809,033             | + 9.6         |
| Circuit City                    | + 38.4        | 92,300              | 66,700              | 88       | 75       | 313,300             | 219,900             | + 42.5        |
| Federated Group                 | + 0.3         | 30,300              | 30,200              | 65       | 60       | 116,900             | 117,800             | - 0.8         |
| Best Buy                        | + 126.1       | 25,100              | 11,100              | 24       | 12       | 92,300              | 47,454              | + 94.5        |
| <b>Totals &amp; Averages</b>    | <b>+ 10.4</b> | <b>\$10,592,675</b> | <b>\$ 9,593,638</b> | <b>—</b> | <b>—</b> | <b>\$40,833,915</b> | <b>\$36,867,115</b> | <b>+ 10.8</b> |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only. <sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

les-based Carter Hawley Hale and Chicago-based Carson Pirie Scott both posted sales increases that beat the pace set earlier in the year.

At May, its Volume Shoe division led the pack, recording an 11.4% same-store sales hike. May's Venture discount store division posted comparable-store results up 4%, while Caldor discount stores gained 6.7% store-for-store. May's department stores recorded same-store totals 2.4% ahead of last year.

Among the discount store field, Wal-Mart once again pulled out front with a 35% jump in overall sales, and a 12% same-store jump. At K mart, the nation's second larg-

est retailer, volume was ahead 8.2% for the month, but comparable-store results came in only 3.6% above last year.

For the electronics specialists, the results were more mixed. Richmond, Va.-based Circuit City recorded double-digit same-store sales hikes, and overall volume up 38% for the month. Minneapolis-based Best Buy, with twice as many stores this year, turned in sales 126% above last year's results.

Radio Shack operator Tandy recorded volume a more modest 4.3% ahead of last year, while City of Commerce-based The Federated Group posted a 5% dip in same-store results.

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**"The Last Wound-Up" in toys**  
**Still video cameras link photo-electronics**

- C5150-7  
8/7/87

# Chain Store Age

**GENERAL MERCHANDISE TRENDS**

AUGUST

1987



# ARE YOU PAID ENOUGH?



**An exclusive poll:**

**Retailers rate  
their pay, their  
bosses and their  
companies.**

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AUGUST 1987



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## TV shoppers: above-average blue collars

Home television shopping often is portrayed as a blue collar distribution network. Indeed, that may be the reality, according to the latest *Chain Store Age*/Leo J. Shapiro & Associates monthly survey of TV shopping.

The June nationwide telephone poll revealed that buyers tend to have blue collar occupations. Nevertheless, their family incomes are above the national average and they are more likely to live in the suburbs. Their families are larger than average in size and the chief breadwinner is younger than average.

Interestingly, these purchasers also have higher than average edu-

### Buyers more upscale than viewers

|                                  | All Households | Viewers  | Buyers   |
|----------------------------------|----------------|----------|----------|
| Median household income          | \$25,400       | \$26,500 | \$29,600 |
| College—some or graduate         | 54.0%          | 51.3%    | 54.6%    |
| Live in suburbs of metro area    | 25.7           | 25.5     | 32.9     |
| Household size (mean persons)    | 2.92           | 3.03     | 3.28     |
| Women                            | 50.9           | 52.0     | 59.9     |
| Men                              | 49.1           | 48.0     | 40.1     |
| Occupation of chief breadwinner: |                |          |          |
| Professional management          | 26.9           | 26.0     | 22.9     |
| White collar                     | 16.7           | 17.2     | 19.4     |
| Blue collar                      | 24.3           | 28.9     | 35.8     |
| Age: Under 40                    | 49.1           | 52.1     | 55.5     |

### Viewership, buying and repeat customers trend upward

|                         | March  | April | May   | June  |
|-------------------------|--------|-------|-------|-------|
| Viewed last week        | 27.6%* | 35.1% | 35.7% | 37.8% |
| Viewers who have bought | 10.9   | 16.8  | 13.3  | 21.0  |
| Bought more than once   | 18.4   | 24.6  | 26.9  | 31.3  |

\*% households

Source: *Chain Store Age*/Leo J. Shapiro & Associates

cations. "These are a group of affluent, well educated set of working people who are susceptible to buying, not just passive viewing," comments George Rosenbaum, president of the Shapiro organization.

Viewership of home television shows is on the upswing. It has grown by 10 percentage points since *CSA*/Shapiro began monthly trackings in March. It has reached nearly 4 in 10 households saying they watched within the last week.

Buying trends also are up. Not only are more people claiming to have purchased through the airwaves, but also more households are becoming repeat customers. Nearly 1 in 3 have purchased two or more times.

## Sears cooking up promotional pair

Sears Roebuck is giving its customers plenty of food for thought these days with two separate promotions built around edibles.

For the fall, the retailing giant is cooking up a coupon promotion aimed at cashing in on the bur-

geoning microwave oven and food market.

For the longer haul, it is testing a joint venture in the Fresno-Visalia, Calif., area with General Foods whereby shoppers who save UPC symbols on General Foods product packages can redeem them at Sears for merchandise certificates applicable to any of its products or services.

The microwave promotion is in

cooperation with The All American Gourmet Co. and six other producers of frozen foods. The National Microwave Month campaign in October is designed to encourage consumers to buy microwave ovens as well as microwaveable food products.

Focal point of the promotion is a free coupon booklet worth \$500 in savings on Kenmore appliances and frozen foods from All American and these participating food companies: Swift-Eckrich Inc.; H.J. Heinz; Kraft Inc.; McCormick & Co.; Pillsbury Co.; and Ralston-Purina Co.

Customers who visit Sears stores in October will be able to obtain coupon books with savings worth more than \$25 on microwave grocery-related products and \$475 in savings on Kenmore appliances.

Some 10,000 Sears appliance sales personnel will be distributing the coupon booklets in over 800 stores. The promotion will be supported by in-store display and TV and print advertising.

Since nearly 100 General Foods products are involved in the California promotion, substantial savings accrue quickly for consumers. For example, says General Foods corporate promotions manager Hugh Cavanaugh, "If a shopper spends approximately \$25 of his weekly \$125 market basket on General Foods products and redeems the UPC symbols from them at Sears, he can receive certificates that total nearly \$200 by the end of the one year program."

For the Sears Treasures and Rewards promotion, a special redemption booth has been set up in the Fresno and Visalia stores.

UPC symbols can be collected and redeemed until April 30, 1988. Sears certificates can be redeemed for one year from date of issuance.

## Correction

The June article on licensing partnerships inadvertently omitted Schlaifer Nance & Co. from the group responsible for the success of the Cabbage Patch Kids license.



# ARE RETAIL MANAGEMENT CAREERS AT A STANDSTILL

They are well-paid, and probably the best retailers ever. They are also pessimistic. The wave of mergers has cut down career opportunities and is beginning to take its toll.

**T**hey are well-paid. On the average, general merchandise managers bring home \$84,600 annually before bonuses. Buyers earn \$41,100. Store managers are paid \$36,800.

They are well-liked. When chief executives are asked to rate the abilities of their merchandising staffs, the praise could not be more unrestrained. Three-fourths of ceo's grade their buyers and gmm's as either good or excellent.

Yet those who fill top merchandising positions are pessimistic about their professional future. The majority think that they are trapped at a dead-end that will open only with a move to another company.

Salaries are stalled. For all practical purposes, gmm's have not received a raise in three years. Buyers and store managers have not fared much better. Their compensation packages have gained at a rate less than 3% per year since 1984.

Increasingly, too, headquarters staff, from the chief executive down, is critical of how its merchandising plans are implemented at store level. In return, store managers are critical of how headquarters communicates with field personnel. Buyers, meanwhile, view their job as changing from that of merchant to merely order-refiller.

Such is the gloomy picture of retail professionals painted by an exclusive *Chain Store Age* survey. It is a portrait of the best-trained, best-educated and arguably most competent generation of retailers. They feel trapped by an industry where merger and consolidation are now

the norm, and where career advancement opportunities appear constantly reduced.

**Method:** The survey conclusions are the result of 1,542 questionnaires that were mailed to retail ceo's, dmm's, gmm's, buyers and

store managers. Names were selected from the circulation of *Chain Store Age* and were chosen to represent department, discount, specialty and variety stores as well as Sears, J. C. Penney and Montgomery Ward.

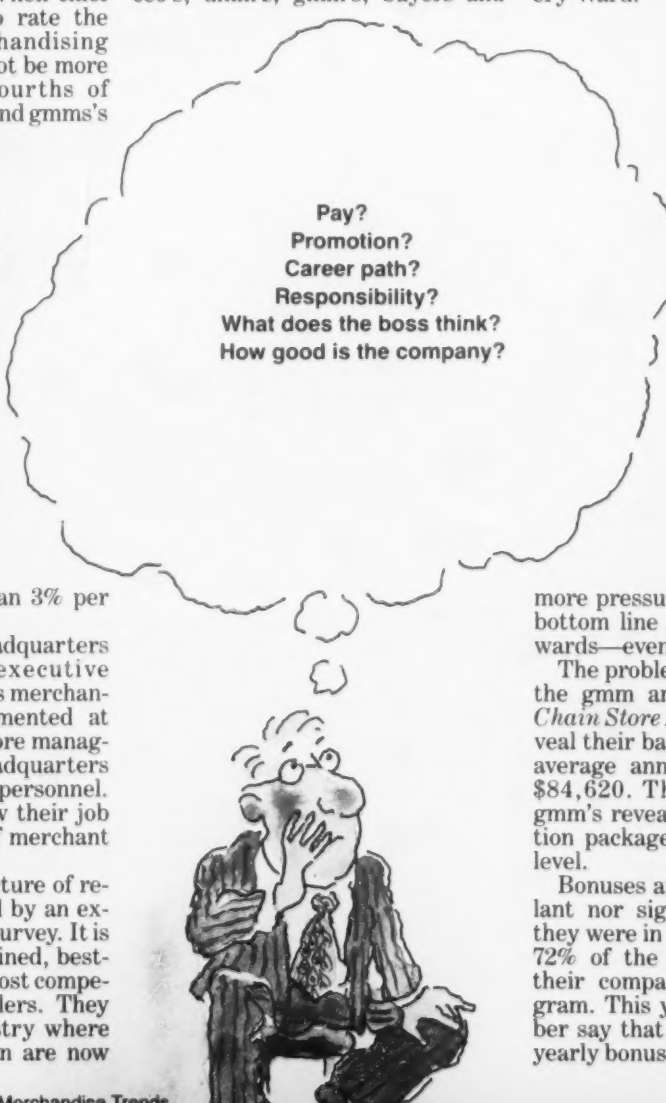
Questionnaires were mailed in late April, with a mid-May follow-up to non-responders. Altogether, 31% of the survey series, representing all retail classes and each of the selected job titles, were returned. The results are comparable with similar surveys conducted by *Chain Store Age* in 1983 and 1984.

The retail portrait painted in the latest study is in vastly different hues than the more optimistic results brushed in earlier surveys. Today's merchant is feeling

more pressure to contribute to the bottom line and expects fewer rewards—even if he succeeds.

The problem is the most acute on the gmm and buyer level. When *Chain Store Age* asked gmm's to reveal their base salaries in 1984, the average annual paycheck totalled \$84,620. Three years later, the gmm's reveal that their compensation packages have stalled at that level.

Bonuses are neither more prevalent nor significantly larger than they were in 1984. Three years ago, 72% of the gmm's reported that their company had a bonus program. This year, an identical number say that they are eligible for a yearly bonus. In 1984, the bonus ac-



Pay?  
Promotion?  
Career path?  
Responsibility?  
What does the boss think?  
How good is the company?

## What retailers are thinking. . .

### CEOs

*Under pressure to produce profits as never before. Eighty-five percent say that maximizing profits is their top responsibility—up from 73% three years ago. Ceo's are giving higher marks to their merchandising staffs. This year, 75% rate their buyers as good or excellent, compared to 56% in 1984.*

### GMMs

*Are they being made whipping boys in the fight to pump up the bottom line? In the three years since the last CSA poll, their average salaries have not gained a penny. Are they discouraged? Fewer than half (41%) think their chances for promotion are good or better.*

### Buyers

*Their pay is up only 10% from 1984, averaging \$41,000 last year. And among retailers, they are the most pessimistic about their career potential. Fewer than 1 in 5 thinks that they have a good chance for either a promotion or a raise anytime soon.*

counted for 17% of total compensation, while three years later it has grown to only 19%.

Not all gmm's have experienced pay stagnation. Those working for either Sears, Penney or Ward have seen their average base salaries jump to \$108,600 from \$99,200. Discount store executives have watched their salaries grow from \$73,100 to \$101,400.

The biggest pay slides are happening to gmm's at department, specialty and variety outlets. At department stores, for example, base salaries have dropped from an average \$97,200 three years ago to \$83,900 this year. Paychecks for specialty store gmm's have shrunk to \$70,800 from \$72,400 in 1984.

Buyer and store manager salaries, while not experiencing decreases, have not kept up with inflation's pace, either. The average retail buyer this year brings home \$41,100 annually, compared to \$37,200 in 1984. Store manager pay has gained from \$26,000 to \$36,000—the best increase in the study.

Once again, the discount store buyers are garnering better gains than are buyers at department stores. Discount buyer salaries have increased from \$38,200 three years ago to \$42,000 today.

Department store buyer paychecks have gained a more modest amount—from \$31,700 to \$33,500. The highest paid buyers, however, are still those for Sears, Penney and Ward. Average compensation for Big 3 buyers comes in at \$56,100.

Chief executive salaries are under pressure, too. The current study indicates a dramatic drop-off, but the results are highly skewed by the smaller company size of the ceo's who responded to the current survey.

However, *Chain Store Age* had little trouble finding 13 retail ceo's whose compensation packages last year exceeded \$1 million. K mart's Bernard M. Fauber tops the list at \$3.1 million, followed by Toys "R" Us chief Charles Lazarus with \$3

million.

Former Woolworth chief John W. Lynn ranks third at \$2.2 million. Sears head Edward A. Brennan is fourth with a compensation package worth \$2.1 million in 1986.

In addition to the 13 members of the \$1 million club, an additional seven ceo's of public companies earned more than \$500,000 last year (see chart).

**Profit pressure:** Chief executives, however, are not immune to changes swirling throughout the industry. The increasing demands of stockholders and the rising ability of money managers to extract short-term profit gains from retail companies has not gone unnoticed by any of the top executives.

In the survey three years ago, ceo's listed building a management team and providing leadership as their two top job responsibilities. This year the chief executives rate maximizing profits as their most important duty, followed by maximizing sales.

Three years ago, ceo's ranked expense and inventory control low on their list, about as important as community relations. Now almost half of the chief executives name cost control as one of their most important duties.

The trend is most dramatic in the specialty store companies, where every one of the chief executives in the survey reports that maximizing profits is the first responsibility of a ceo.

Compared to department, discount, or variety store top executives, the specialty store heads are less concerned with traditional duties such as leadership or community relations. Quite simply, it is money on the bottom line that drives the



## Store managers

*Despite corporate talk about service, those on retailing's front line have gotten the real message—they rank sales volume increases as their No. 1 job responsibility. And four years ago, not one store manager CSA polled even mentioned shrinkage control as part of their job. Now more than one-third do.*

specialty ceo.

Not that profit pressure is absent in any retail class. In the survey, fully 85% of the chief executives name maximizing profits as their first responsibility, outranking every other job function. Nor, apparently, have ceo's been slow to communicate the corporate message down the line.

Though general merchandise managers still consider planning as their most important job function, maximizing gross margins now is taking on a more important role. Less important to the gmm's are sales volume increases for their own sake.

Compared to three years ago, merchandising executives are paying more attention to what earlier had been considered buyer functions, such as maximizing turns and setting proper assortments.

The pressure on gmm's to bring money down to the bottom line is most apparent at the department stores. Department store gmm's are far more likely than the norm to say that maximizing both gross margins and sales are among their top job responsibilities. They are more likely, too, to feel that choosing assortments is their duty, and not one belonging solely to buyers.

For their part, buyers are sticking with what they have always considered as their top professional duty—setting the proper assortment. But depending upon what kind of retail company a buyer works for, a different picture of what buying means emerges from the survey results.

Compared to discount and variety store buyers, department and specialty store buyers are far more likely to say that sales volume increases, maximizing gross margins and planning are the most important parts of their job.

Discount and variety store buyers, on the other hand, are more likely to name what are the more traditional parts of the buyer's job—setting assortments and negotiating the best deal.

**Conflict brewing:** Among top headquarters merchandising staff, a conflict is being fought over whose job is exactly what. At the center of the dispute is the buyer.

According to the buyer himself, his top five job duties are: picking assortments, sales increases, gross margin gains, planning and inventory control.

But ask general merchandise managers what the buyer's job should be, and a list with different priorities emerges. The merchandise managers, according to the survey, would prefer to keep planning functions and even some assortment picking to themselves, while leaving it to the buyer to do more of the dirty work, such as negotiating deals, pricing, insuring an in-stock position and watching over open-to-buys.

The conflict between gmm's and

their buyers is spilling out into the open. Compared to the survey conducted three years ago, fewer buyers now think that they are gaining autonomy, and more report needing a supervisor's approval before adding a line to the assortment.

Their bosses—who appear to be winning the argument—agree with the buyers on at least this point. In the current survey merchandise managers are less likely than they were three years ago to say that buyers have gained autonomy. They are more likely to report that buyers cannot add new lines of merchandise without supervisor approval.

Still, another bone of contention for the buyers in the survey is the breadth of their assortments. Three years ago, only about one-third of the buyers agreed with the statement, "I am constantly being asked to narrow my assortments." This year, exactly half of the buyers agree with the statement.

Interestingly, chief executives have not yet noticed the conflict between buyers and merchandise managers. The top executives are alone in thinking that buyers have more autonomy now than they did in previous years.

**Dissatisfied:** Nor is the disagreement over the buyer's function the

### How much is the boss paid?

| CEO                     | Company                | Total compensation* |
|-------------------------|------------------------|---------------------|
| Bernard M. Fauber       | K mart                 | \$3,104,000         |
| Charles Lazarus         | Toys "R" Us            | 3,020,000           |
| John W. Lynn            | F. W. Woolworth        | 2,216,000           |
| Edward A. Bronson       | Sears, Roebuck and Co. | 2,097,000           |
| David C. Farrell        | May Dept. Stores       | 1,840,000           |
| Aram J. Goldberg        | Stop & Shop Cos.       | 1,520,000           |
| Kenneth A. Macke        | Dayton Hudson          | 1,313,000           |
| Howard Goldfeder        | Federated Dept. Stores | 1,158,000           |
| Leslie H. Wexner        | The Limited            | 1,135,000           |
| William R. Howell       | J. C. Penney           | 1,056,000           |
| Francis C. Rooney, Jr.  | Melville Corp.         | 1,049,000           |
| Herbert Gilman          | Ames Dept. Stores      | 1,046,000           |
| William T. Dillard, Sr. | Dillard Dept. Stores   | 1,000,000           |
| Donald B. Fisher        | The Gap                | 963,000             |
| Maurice Segall          | Zayre Corp.            | 875,000             |
| Leon F. Winbigler       | Marionette Stores      | 864,000             |
| John V. Roach           | Tandy Corp.            | 873,000             |
| Philip M. Hawley        | Carter Hawley Hale     | 685,004             |
| Bruce A. Nordstrom      | Nordstrom              | 626,000             |
| Peter S. Willmetts      | Carson Pirie Scott     | 527,000             |
| Sam M. Walton           | Wal-Mart               | 349,000             |
| Morris Sidewater        | Charming Shoppes       | 292,000             |
| William J. Petrie       | Petrie Stores          | 150,000             |

\*Includes base salary, bonus, stock options.  
Source: Chain Store Age research



## Retail pay is stalled . . .

| CEOs                |             |             |             |               |           |          |
|---------------------|-------------|-------------|-------------|---------------|-----------|----------|
| Salary              | Dept. store | Disc. store | Spec. store | Variety store | All CEOs  |          |
|                     |             |             |             |               | '84       | '87      |
| Under \$50,000      | 45.8%       | 28.0%       | 42.9%       | 70.0%         | 4.5%      | 43.3%    |
| \$50,000-\$75,000   | 28.8        | 18.0        | 35.7        | —             | 4.5       | 18.3     |
| \$75,000-\$100,000  | 12.5        | 28.0        | —           | 10.0          | 4.5       | 10.0     |
| \$101,000-\$125,000 | —           | 10.0        | —           | 10.0          | 9.1       | 3.3      |
| \$126,000-\$150,000 | —           | —           | 7.1         | —             | 4.5       | 1.7      |
| \$151,000-\$175,000 | —           | 20.0        | 14.3        | —             | 7.6       | 6.7      |
| \$176,000-\$200,000 | 8.5         | —           | —           | 10.0          | 9.1       | 5.0      |
| \$201,000-\$225,000 | 4.2         | 10.0        | —           | —             | 6.1       | 3.3      |
| \$226,000-\$400,000 | 4.2         | —           | —           | —             | 15.2      | 1.7      |
| Over \$400,000      | 4.2         | 10.0        | —           | —             | 12.1      | 3.3      |
| Averages            | \$181,300   | \$147,100   | \$72,000    | \$86,000      | \$239,340 | \$96,300 |

| GMMs               |             |             |             |           |          |          |
|--------------------|-------------|-------------|-------------|-----------|----------|----------|
| Salary             | Dept. store | Disc. store | Spec. store | Big 3     | All GMMs |          |
|                    |             |             |             |           | '84      | '87      |
| Under \$30,000     | 7.1%        | 9.1%        | 20.0%       | —         | 3.0%     | 10.5%    |
| \$30,000-\$49,999  | 21.4        | 9.1         | 15.0        | —         | 12.0     | 14.0     |
| \$50,000-\$69,999  | 14.3        | 9.1         | 15.0        | 42.0%     | 16.0     | 19.3     |
| \$70,000-\$79,999  | —           | 9.1         | 10.0        | —         | 8.0      | 7.0      |
| \$80,000-\$89,999  | 14.3        | —           | 5.0         | —         | 6.0      | 5.3      |
| \$90,000-\$99,999  | —           | 10.2        | 10.0        | —         | 5.0      | 7.0      |
| \$100,000 and over | 42.8        | 45.5        | 20.0        | 57.2      | 61.0     | 35.2     |
| Averages           | \$83,900    | \$101,400   | \$70,000    | \$100,800 | \$84,620 | \$84,630 |

| Buyers            |             |             |             |          |            |          |
|-------------------|-------------|-------------|-------------|----------|------------|----------|
| Salary            | Dept. store | Disc. store | Spec. store | Big 3    | All Buyers |          |
|                   |             |             |             |          | '84        | '87      |
| Under \$20,000    | 9.8%        | —           | 15.0%       | —        | 2.5%       | 6.1%     |
| \$20,000-\$24,999 | 11.8        | 4.4%        | 20.0        | 2.0%     | 10.7       | 7.9      |
| \$25,000-\$29,999 | 15.7        | 15.6        | 10.0        | —        | 15.6       | 12.1     |
| \$30,000-\$34,999 | 21.6        | 9.5         | 15.0        | 5.3      | 17.2       | 12.7     |
| \$35,000-\$39,999 | 13.7        | 15.0        | 5.0         | 2.0      | 17.2       | 9.7      |
| \$40,000-\$44,999 | 17.0        | 15.0        | 5.0         | 7.0      | 8.2        | 12.7     |
| \$45,000-\$49,999 | 2.0         | 11.1        | 15.0        | —        | 7.4        | 5.5      |
| \$50,000-\$54,999 | 3.9         | 13.3        | 10.0        | 10.4     | 4.1        | 10.3     |
| \$55,000 and over | 4.0         | 13.4        | 5.0         | 90.0     | 9.8        | 20.6     |
| Averages          | \$33,500    | \$42,000    | \$34,000    | \$56,100 | \$7,200    | \$41,100 |

| Store managers    |             |             |             |          |                    |          |
|-------------------|-------------|-------------|-------------|----------|--------------------|----------|
| Salary            | Dept. store | Disc. store | Spec. store | Big 3    | All store managers |          |
|                   |             |             |             |          | '83                | '87      |
| Under \$20,000    | 5.6%        | 13.0%       | 67.5%       | —        | N/A                | 21.0%    |
| \$20,000-\$24,999 | 31.5        | 13.0        | 20.0        | 1.0%     | N/A                | 18.3     |
| \$25,000-\$29,999 | 16.7        | 17.4        | 2.5         | —        | N/A                | 9.1      |
| \$30,000-\$34,999 | 7.4         | 28.1        | 2.5         | 5.7      | N/A                | 7.5      |
| \$35,000-\$39,999 | 1.9         | 4.3         | —           | 7.5      | N/A                | 3.8      |
| \$40,000-\$44,999 | 5.0         | 4.3         | 2.5         | 9.4      | N/A                | 5.9      |
| \$45,000-\$49,999 | 3.7         | —           | 2.5         | 9.4      | N/A                | 4.3      |
| \$50,000-\$54,999 | 13.0        | 13.0        | —           | 5.7      | N/A                | 7.0      |
| \$55,000-\$59,999 | 1.9         | —           | —           | 5.7      | N/A                | 2.2      |
| \$60,000 and over | 13.0        | 4.3         | —           | 54.7     | N/A                | 19.9     |
| Averages          | \$36,100    | \$33,000    | \$29,200    | \$55,400 | N/A                | \$36,800 |

N/A = Not available

Source: Chain Store Age research

only problem facing the merchandising staff. On at least one issue—whether or not headquarters plans are implemented at store level—there is considerable agreement.

Compared to the 1984 surveys, chief executives, merchandise managers and buyers are all *more* likely to agree that good headquarters plans never make it into the stores.

On more personal issues, retailers in the current survey reveal a deepening dissatisfaction with their career prospects.

The wave of retail consolidation—such as Federated Department Stores' merger of its Foley's and Sanger Harris units, or Richway into Gold Circle—is beginning to take its toll. Adding to the problem are mergers, such as the folding of Associated Dry Goods into May Department Stores. There just are not as many career opportunities open for career advancement.

Asked to rate their chances for promotion, chief executives, gmm's and buyers all are more pessimistic than they were in the 1984 study. And the higher within the retail ranks, the deeper the feeling that promotion is not in the future. Chief executives are the most pessimistic about their chances for advancement, followed by gmm's and buyers. The most optimistic about their chances for advancement are store managers.

The decreasing number of retail companies and retail jobs will probably mean that in order to move up the ladder, merchandising staff will have to move to another company. The day of the 25- or 50-year company man may already be doomed in retailing.

Compared to the surveys conducted three years ago, ceo's, gmm's, buyers and store managers all are more likely to agree with the statement, "Retailing is a business where you have to change companies to get ahead."

For example, over half of all retail buyers—and two-thirds of department stores buyers—agree that moving out is the best way to move up.

Not surprisingly given their reputation for promoting from within, the buyers at Sears, Penney and Ward are the least likely to think that they need to change companies to advance their careers. In the latest survey, fewer than 1 in 4 of the Big 3 buyers agreed that changing companies was the best way to get a promotion.

**Grey clouds:** Some things, however, never change. When the retailers in the survey are asked what it is that they dislike most about their job, their unanimous response is their work schedule. Fully 62% of store managers cite their work hours as the most unpleasant aspect. About 40% of buyers and gmm's say that retailing's long hours, weekends and nights are its biggest downside.

On the average, store managers report that they work a 50-hour week that includes two late nights. Since the last study of store managers in 1983, neither the length of their work week nor the number of late nights at the store has changed significantly.

Also as in the earlier studies, the No. 2 complaint of both gmm's and buyers is the lack of security their jobs afford them. The difference is, however, that now significantly more merchandising executives are worried about holding onto their jobs.

In the 1984 surveys, 23% of both gmm's and buyers said that job security—or the lack of it—was one of their prime complaints. In the latest poll, the number is up to 35% of buyers and 40% of general merchandise managers.

On the list of dislikes, too, are the company's concern for personnel, benefits and community relations for gmm's. For buyers, included are the company's concern—or lack of it—for their welfare, salary and treatment by their supervisors.

In addition to their work schedules, store managers cite salary, job security and treatment by their supervisors as their major complaints.

**Silver lining:** Retail management is not all complaints, however. Those in the *Chain Store Age* survey still find quite a bit that they do like about their jobs. And despite their complaints about supervisors, lack of job security, pay or an uneven career path, the merchants in the current poll are more likely than those in earlier surveys to give their companies high marks for professionalism.

In fact, the retailers in the poll have an easier time naming the parts of their jobs that they like than they did when asked their dislikes.

Top of the list of the good things about their jobs, say the gmm's, is the challenge and the responsibility of the position. Also important to

## and pressure to increase profits is mounting

| <b>CEOs</b>                      |             |             |             |               |                    |       |
|----------------------------------|-------------|-------------|-------------|---------------|--------------------|-------|
| Top responsibilities             | Dept. store | Disc. store | Spec. store | Variety store | All CEOs           |       |
|                                  |             |             |             |               | '84                | '87   |
| Maximizing profits               | 78.0%       | 88.0%       | 100.0%      | 99.0%         | 73.0%              | 85.0% |
| Maximizing sales                 | 41.7        | 99.0        | 64.3        | 99.0          | 41.0               | 56.7  |
| Strategic planning               | 50.0        | 60.0        | 70.0        | 20.0          | 76.0               | 53.3  |
| Leadership                       | 54.2        | 90.0        | 42.0        | 40.0          | 76.0               | 48.3  |
| Inventory control                | 54.2        | 30.0        | 42.0        | 40.0          | 8.0                | 45.0  |
| Building management team         | 62.3        | 50.0        | 28.6        | 40.0          | 86.0               | 45.0  |
| Expense control                  | 37.5        | 30.0        | 36.7        | 70.0          | 14.0               | 43.3  |
| Motivating employees             | 33.3        | 30.0        | 14.3        | 40.0          | 41.0               | 31.7  |
| Communicating corporate mission  | 12.5        | 40.0        | 28.6        | 10.0          | 33.0               | 20.0  |
| <b>GMMs</b>                      |             |             |             |               |                    |       |
|                                  | Dept. store | Disc. store | Spec. store | Variety store | All GMMs           |       |
|                                  |             |             |             |               | '84                | '87   |
| Planning                         | 78.0%       | 90.0%       | 70.0%       | 40.0%         | 82.0%              | 75.4% |
| Maximizing gross margin          | 71.4        | 63.6        | 40.0        | 90.0          | 58.0               | 54.4  |
| Inventory control                | 20.0        | 27.3        | 45.0        | 90.0          | 40.0               | 30.6  |
| Sales volume increases           | 20.0        | 36.4        | 30.0        | 40.0          | 50.0               | 35.1  |
| Maximizing gross margin dollars  | 35.7        | 36.4        | 30.0        | 40.0          | 39.0               | 33.3  |
| Maximizing turns                 | 35.7        | 36.4        | 30.0        | 40.0          | 23.0               | 31.6  |
| Setting proper assortment        | 42.0        | 18.2        | 25.0        | 40.0          | 23.0               | 31.6  |
| Maximizing sales                 | 42.0        | 36.4        | 20.0        | 20.0          | 20.0               | 29.8  |
| Expense control                  | 21.4        | 18.2        | 30.0        | 20.0          | 24.0               | 28.1  |
| <b>Buyers</b>                    |             |             |             |               |                    |       |
|                                  | Dept. store | Disc. store | Spec. store | Variety store | All Buyers         |       |
|                                  |             |             |             |               | '84                | '87   |
| Setting proper assortment        | 80.0%       | 73.3%       | 40.0%       | 81.0%         | 59.0%              | 68.5% |
| Sales volume increases           | 70.0        | 40.0        | 65.0        | 45.3          | 44.3               | 56.4  |
| Maximizing gross margin          | 90.7        | 42.2        | 35.0        | 63.0          | 59.0               | 55.2  |
| Planning                         | 60.0        | 37.8        | 65.0        | 36.4          | 39.3               | 53.9  |
| Inventory control                | 54.0        | 62.2        | 50.0        | 18.2          | 37.7               | 46.7  |
| Negotiating the best deal        | 10.0        | 55.6        | 30.0        | 54.5          | 40.2               | 36.2  |
| Maximizing turns                 | 31.4        | 31.1        | 90.0        | 54.5          | 41.0               | 32.1  |
| Maximizing gross margin dollars  | 30.3        | 26.7        | 40.0        | 26.4          | 25.6               | 31.5  |
| Insuring an in-stock position    | 29.4        | 35.6        | 15.0        | 30.4          | 35.2               | 27.9  |
| <b>Store managers</b>            |             |             |             |               |                    |       |
|                                  | Dept. store | Disc. store | Spec. store | Variety store | All store managers |       |
|                                  |             |             |             |               | '83                | '87   |
| Sales volume increases           | 72.2%       | 52.2%       | 87.5%       | 83.0%         | 50.0%              | 76.0% |
| Customer service                 | 64.0        | 60.0        | 82.5        | 91.3          | 47.0               | 67.7  |
| Returning a net profit           | 50.0        | 60.0        | 7.5         | 75.0          | 81.0               | 54.3  |
| Expense control                  | 63.0        | 65.2        | 22.5        | 81.3          | 29.7               | 48.0  |
| Customer relations               | 44.4        | 47.0        | 70.0        | 10.0          | 41.1               | 46.8  |
| Employee morale                  | 33.3        | 26.1        | 45.0        | 25.0          | 47.0               | 38.2  |
| Insuring an in-stock position    | 32.3        | 43.5        | 17.5        | 43.0          | 20.1               | 34.9  |
| Shrinkage control                | 31.5        | 34.0        | 57.5        | 82.5          | —                  | 33.0  |
| Employee productivity            | 29.0        | 17.4        | 45.0        | 25.0          | 26.2               | 31.7  |
| Source: Chain Store Age research |             |             |             |               |                    |       |

the merchandising executives is the sheer enjoyment of merchandising itself.

For buyers, merchandising is what they like best about the jobs, too, along with the responsibility. And contrary to what many of their sources may think, when buyers talk behind vendors' backs, they say that dealing with vendors is one the favorite parts of their jobs.

Store managers name their position's challenge, responsibility, merchandising, and independence as top benefits.

And despite pessimism about their own careers, retailers in the latest survey give their chains high marks. Asked to rate their company's advertising and promotion staffs, 52% of the ceo's give the department a good or excellent rating. Sixty percent of the ceo's rate their store managers as good or better.

The real praise from ceo's, however, is reserved for their company's gmm's and buyers. Seventy percent of the chief executives give their gmm's the highest marks, while three-fourths of the ceo's save their highest praise for their buyers.

Is the praise reciprocal? Merchandise managers in the survey give their companies about the same marks that they did in the surveys three and four years ago. Buyers, on the other hand, are considerably more critical of the companies they work for.

Merchandise managers, for example, give their companies good marks for how well performers are recognized within the organization. Sixty-three percent of the gmm's rate their companies as either good or excellent in this regard.

More than half of the merchandise managers think that their companies do a good or excellent job in treating them as professionals. And almost two-thirds of the gmm's say that they respect and have confidence in their supervisors.

Only 38% of the buyers, however, say that their companies do a good or better job at recognizing performers within the operation. Fewer than 1 in 5 of the buyers think that their company offers a good opportunity for either promotion or salary increases.

Fewer than half give their organizations high marks for treating them as a professional. Only 45% of the buyers say they have respect and confidence in their supervisors.

| ... but merchants still give their chains high marks.                                                                                                 |             |             |       |             |               |            |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------|-------------|---------------|------------|-----|
| CEO's*                                                                                                                                                |             |             |       |             |               |            |     |
| Level of agreement                                                                                                                                    | Dept. store | Disc. store | Big 3 | Spec. store | Variety store | All CEO's  |     |
|                                                                                                                                                       |             |             |       |             |               | '84        | '87 |
| Good programs are laid out at headquarters, yet they never get implemented at the store level.                                                        | 3.2         | 3.1         | —     | 3.2         | 3.2           | 2.4        | 3.1 |
| Our corporate mission is well defined and understood at all levels of our organization.                                                               | 3.7         | 3.9         | —     | 3.8         | 2.9           | 3.6        | 3.7 |
| Buyers have more autonomy today than in previous years.                                                                                               | 3.7         | 3.7         | —     | 3.6         | 3.8           | 3.0        | 3.7 |
| Buyers cannot add a new line without their supervisor's approval.                                                                                     | 3.1         | 3.6         | —     | 2.3         | 2.1           | 3.4        | 3.1 |
| Retailing is a business where you have to change companies to get ahead.                                                                              | 2.7         | 2.1         | —     | 3.4         | 3.9           | 2.9        | 2.8 |
| Rating of opportunities for promotion.                                                                                                                | 3.7         | 4.1         | —     | 3.8         | 3.4           | 4.2        | 3.8 |
| Buyers*                                                                                                                                               |             |             |       |             |               |            |     |
|                                                                                                                                                       | Dept. store | Disc. store | Big 3 | Spec. store | Variety store | All Buyers |     |
|                                                                                                                                                       |             |             |       |             |               | '84        | '87 |
| Good programs are laid out at headquarters, yet they never get implemented at the store level.                                                        | 3.4         | 3.1         | 3.8   | 3.1         | 3.8           | 3.2        | 3.4 |
| I have more autonomy today than in previous years.                                                                                                    | 2.9         | 3.3         | 2.5   | 3.4         | 3.8           | 5.3        | 3.0 |
| I can add a new line without my supervisor's approval.                                                                                                | 3.2         | 3.6         | 3.0   | 4.0         | 3.5           | 3.7        | 3.4 |
| Retailing is a business where you have to change companies to get ahead.                                                                              | 3.6         | 3.4         | 3.8   | 3.4         | 3.5           | N/A        | 3.4 |
| Rating of opportunities for promotion.                                                                                                                | 2.9         | 2.9         | 2.8   | 2.8         | 2.4           | 2.8        | 2.8 |
| GMM's*                                                                                                                                                |             |             |       |             |               |            |     |
|                                                                                                                                                       | Dept. store | Disc. store | Big 3 | Spec. store | Variety store | All GMM's  |     |
|                                                                                                                                                       |             |             |       |             |               | '84        | '87 |
| Good programs are laid out at headquarters, yet they never get implemented at the store level.                                                        | 3.1         | 3.4         | 2.3   | 3.1         | 4.0           | 2.8        | 3.1 |
| Buyers have more autonomy today than in previous years.                                                                                               | 2.8         | 3.0         | 3.1   | 2.5         | 4.0           | 3.9        | 2.9 |
| Buyers cannot add a new line without their supervisor's approval.                                                                                     | 3.2         | 4.8         | 3.7   | 3.3         | 4.4           | 3.2        | 3.6 |
| Retailing is a business where you have to change companies to get ahead.                                                                              | 2.3         | 3.3         | 2.4   | 3.7         | 2.2           | 2.6        | 3.0 |
| Rating of opportunities for promotion.                                                                                                                | 2.9         | 3.3         | 3.1   | 2.9         | 3.2           | 3.3        | 3.2 |
| Source: Chain Store Age research<br>Based on a scale of 1 to 5, with 1 being "strongly agree" and 5 being "strongly disagree."<br>N/A = Not available |             |             |       |             |               |            |     |

Store managers, on the other hand, are probably the most optimistic sector of their companies. More than half of those on the front line of retailing think that their organizations are good at recognizing the best performers. The majority of store managers say they have respect for and confidence in those above them in the organization and, in particular, cite the credibility of the merchandising and corporate

staffs as excellent.

They even think there is a good chance for advancement. But, the store managers say, it will take longer than a year before it comes. □

—Rick Gallagher

*Editor's note: Copies of the CSA surveys can be obtained by contacting Murray Forseter, Publisher/Editor.*



## Microwaves, bakeware plateau

What happens when you combine a microwave oven with a toaster oven? If you are Sunbeam and your new product—Express-Meals—does exactly that, you hope that the combination of the two will keep the sales for both categories on the upswing.

According to the latest *Chain Store Age*/Leo J. Shapiro & Asso-

ciates MarkeTrends national telephone survey, only about 3% more families bought a microwave oven in the last 12 months than purchased one the previous year. At the same time, the number of families buying a toaster oven has gained a whopping 31%.

But both categories are set for a sales drop this year if customers in

the MarkeTrends poll follow through on their plans. Compared to a year ago, 22% fewer families say that they will buy a microwave within the next 12 months. Fourteen percent fewer report that they will buy a toaster oven.

For microwave bakeware, however, the outlook is considerably clearer. Compared to a year ago, twice as many families say that they expect to buy microwave bakeware. Though recent months give some indication that sales are reaching a



plateau, the current high sales rate gives no indication of slowing down.

Also rapidly approaching a plateau, but at an extremely high level, are compact disc players. The number of MarkeTrends families saying they expect to buy a CD player this year is 121% ahead of last year's reading.

Musical keyboards, after several years of steady growth, are set for some spectacular growth in the next 12 months, according to the poll. About twice as many of the MarkeTrends families report interest in buying one of the electronic keyboards within the next year.

More moderate growth is forecast in the next year for kitchen knives (up 44%), blankets (ahead 32%) and binoculars (gaining 14%), says the MarkeTrends national poll. Buying plans for electric fans are ahead a respectable 6% compared to year-ago figures.

For single lens reflex cameras, steam irons and electric drip coffee-makers the forecast is less sunny. Despite the introduction of autofo-



Musical keyboards are set for some rapid growth in the next 12 months.

using SLRs by nearly every vendor in response to Minolta's Maxxum, the market for 35mm SLRs will continue to shrink.

Fully 20% fewer families in the MarkeTrends poll say that they plan on buying a single lens reflex camera this year than said they would a year ago.

Technological innovation does not seem to be creating a surge in customer interest for steam irons, either. Vendors literally added bells and whistles to the venerable iron in the past two years, but apparently to little avail. Forty-four percent fewer MarkeTrends families report that they intend to buy an iron this year. □

## NEW PRODUCTS

AAi has added a tortoiseshell collection of jewelry, hair accessories and small leather goods to their product line. Made with translucent brown finish, these reptile replicas

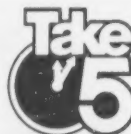


provide a refreshing fashion look for fall. The collection features stylish necklaces, earrings and bracelets in a variety of geometric shapes and sizes. Gold accents have been applied to some of the necklaces and earrings for a more dramatic look. (AAi, 41 Warren Ave., N. Providence, R.I. 02911.)

Maseur Products USA introduces Maseur series 10,000 Original Australian Massage Sandals. Designed with hundreds of little soft rubber "fingers" that gently massage the



bottom of the foot, Maseur sandals are not only fashionable but also help promote good posture and are light weight and comfortable. (Maseur Products USA, 4301 Park Arroyo, Calabasas Park, Calif. 91302.)



Plaque Fighter™

Convenient pump spray with Microdent 200™  
Cleans teeth any time you can't brush.

ORAL HYGIENE MOVES OUTSIDE THE BATHROOM!



Plaque Fighter™



Use  
Take 5  
2 or 3  
Times  
Daily,  
When You  
Can't Brush...  
But Should.

# TELEPHONE ANSWERING DEVICE SALES TO LEVEL OFF

If a slowdown is in sight, it could not have come at a worse time—vendors have slashed prices. Slow growth and price drops will make gross margins harder to come by.



*In a period of modest electronics growth, the TAD has performed well.*

**I**s the joyride over? After growing at a compound annual clip of 28% since 1984, the market for telephone answering devices is giving every indication of finally leveling off.

While the current industry consensus is that TAD unit sales will gain about 8% in the next 12 months, the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey paints a less optimistic picture. If families in the national poll are right, unit sales will increase only about 2% in the next year.

According to the random, 450 household, telephone survey, 5.4% of families report that they expect to buy a telephone answering device within the next 12 months.

The total is down considerably from the record-high 7.9% figure tallied in the March 1986 survey. The latest reading, however, is still about 2% ahead of the number re-

ported a year ago.

If a slowdown is indeed in the works, it could not come at a worse time. Led by market share leader Panasonic at the Consumer Electronics Show in June, most telephone answering machine sources reduced product prices. The combination of slow growth along with the price drops could make gross margin dollars harder to come by in the upcoming year.

Telephone answering device vendors have spent much of the summer pointing fingers and accusing each other of killing the goose that laid the golden egg. In a period of generally modest growth for consumer electronics, answering machines have been one of the few hits.

But it might be the customer himself who has helped precipitate price reductions. And despite vendor crocodile tears, few should be surprised when marketing plans that aggressively targeted discount

stores in the last two years now have resulted in customers expecting discount prices.

Compared to a year ago, customers in the latest MarkeTrends poll expect to pay 17% less for a telephone answering device. On the average, the MarkeTrends families think it will cost a median \$100 for a TAD. In the 1986 poll, customers thought they would have to pay \$120.

For a combination answering device and telephone, families in the MarkeTrends survey think that they should pay an average \$110.

**Sophistication:** Unlike the customer a year ago, this year's answer-

ing machine customer is a lot more knowledgeable. The advantage of remote message access has been communicated effectively, and it has become one of the most wanted features. Microcassettes, too, are now high on the want list.

Interest in buying combination units which include both a telephone and an answering device reaches an all-time high in the most recent MarkeTrends poll. So, too, is interest in buying a feature now generally available only on the combo units—wall mountability.

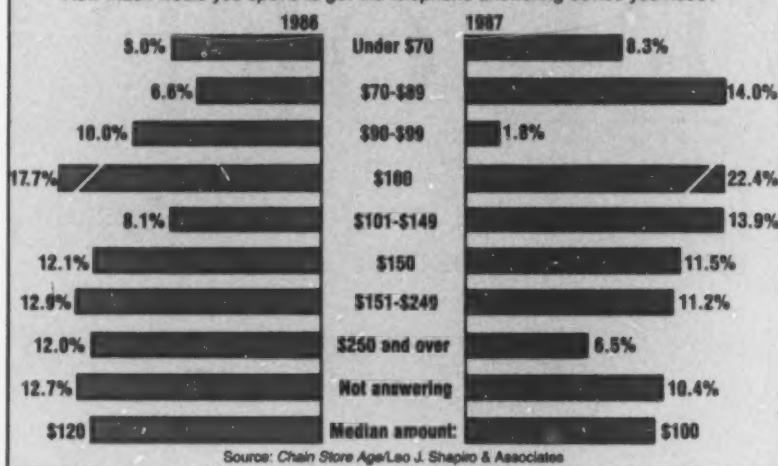
At least one feature—two line telephone answering—is proving less popular this year.

The current telephone answering machine customer, with a pretty clear list of features he will be looking for, is a far cry from the customer of a year ago. In the 1986 MarkeTrends poll, there was much confusion about what many of the terms used to describe TAD features actu-



**Customers looking to pay less**

How much would you spend to get the telephone answering device you need?



Source: Chain Store Age/Leo J. Shapiro &amp; Associates

ally meant.

Last year, for example, a whopping 18.7% of the MarkeTrends families did not, or could not, answer the question related to remote message access. Apparently, the message about this feature, which

includes both beeperless and older beeper remotes, had not yet gotten out. In contrast, only 6.2% in the latest MarkeTrends poll do not answer the question.

Remote accessing gets the top votes this year. But interestingly,

the ability to access messages while not at home is a feature desired by only slightly more than half (55.2%) of the survey families.

**Low-end potential:** For 38.5% of the MarkeTrends families, a remote accessing feature is not an essential feature on a TAD. The figure reveals that there is a healthy market for stripped down units that can hit discount store price points.

Similarly, the great majority of potential answering device customers (77%) are looking for a TAD that answers only one telephone line.

And though microcassettes are fast gaining customer acceptance (compared to the year-ago poll, more than twice as many of the MarkeTrends families report this year that they want microcassette technology), standard cassettes are still preferred by the great majority, 62%.

One upscale notion gaining customer interest, however, is the combination of an answering machine and a telephone itself. Compared to the year-ago survey, about 18% more of the MarkeTrends families report that they think they will buy

# Hello.

XE 200 with  
3 Privacy Codes

Uniden's  
Rated Best Buy.

Other cordless phone manufacturers  
have been doing a lot of talking.

Well, here's a statement that speaks  
for itself. A major consumer magazine  
did a comparison study on cordless phones.  
The check points included clarity,

## Desk phones set for bigger share

What is the most popular room for a phone?

According to the MarkeTrends families, the bedroom is now the most usual place for a phone. The kitchen is next, with the living room pulling in third. Only a year ago, the kitchen was No. 1.

Now, almost two-thirds (65.9%) of the survey families report having a telephone in the bedroom. Another 59.7% say there is a phone in the kitchen, 38.5% in the living room, 19% in the den and 8.3% in the basement.

With the survey predicting that the greatest number of telephones bought this year will be

headed for the bedroom, too, the change could have some effect on assortments. Desk top models should show some increases, while wall units might drop.

Also on the downside this year, according to the MarkeTrends poll, may be cordless phones. Compared to the survey conducted only a year ago, almost 30% fewer families in the current MarkeTrends survey report that their next phone will be cordless.

Memory related features, such as auto-dial and auto-redial, are on the upswing. Seven percent more of this year's MarkeTrends families say that they want mem-

ory features.

On the average, this year's survey families say that they expect to pay about \$40 for a new telephone, compared to \$50 last year.

Only about 1 in 4 of the survey households still rents a telephone from the telephone company, down from 39% last year. Ma Bell is far from abandoned, however. Nearly half of the MarkeTrends families say that they expect to purchase an AT&T phone the next time they buy.

Also gaining mentions are Panasonic, Radio Shack, GTE, General Electric, Cobra and Uniden.

a combo unit the next time.

Even here, though, the price slashing of the past year is evident. In the 1986 poll, the MarkeTrends families said that a combination TAD and telephone should cost

about \$50 more than a TAD alone—the exact price they pegged for a telephone by itself.

In contrast, the households polled this year say that a combo unit should cost only about \$30 more—

\$10 less than the price of a phone alone. The signal customers may be giving is that of the two products, the TAD is the more important, while the telephone is simply a feature of the answering device. □

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## CORDLESS GAINS IN ELECTRIC HAND MIXERS

Shoppers do not beat around the bush in listing their demands for mixers and blenders. Push button beater ejection and multi speeds earn high marks.

**W**hen the electric housewares industry went on a cordless kick two years ago, talk was rife that the concept would revolutionize small appliance merchandising. Judging from consumer acceptance of battery-powered hand mixers today, cordless has made significant inroads. Currently, almost 1 of 4 consumers consider cordless essential to portable mixers.

While many households polled in an exclusive *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends study deem such features as multiple speed action and pushbutton beater ejection major considerations in their purchases, the cordless aspect is rated very important by 23%. Twenty-one per cent said cordless was of no importance at all.

In contrast, 63% of the respondents give high ratings to pushbutton beater ejection; 57%, multiple speeds; and 28%, beater storage features.

Consumers are equally positive about features they desire in stand mixers. Some 54% of those canvassed, for instance, want a unit with multiple speed settings, while 44% like the continuous mixing feature, and 38% prefer a model with a variety of attachments. Less important to consumers are tim-

ers. Only 19% consider them as essential to stand mixer operation.

Respondents are fairly evenly split, however, when it comes to glass or metal mixing bowls. Glass is favored by 52%; metal by 46%.

The CSA study shows that the bulk of the mixer business, numerically at least has been, and will continue to be in hand mixers.

Of the 71% of the households in the report who own mixers, over two-thirds of them have hand mix-

ers, while almost one third own stand mixers.

When it comes to buying intentions, though, the stand mixers fare better. Some 40% of the respondents say their next unit would be a step up to this type model, while 53% would opt for hand models.

The research, which also covers blenders, shows a fairly high market saturation in that small appliance category. Some 71% of the households covered own a blender. This may explain why only about

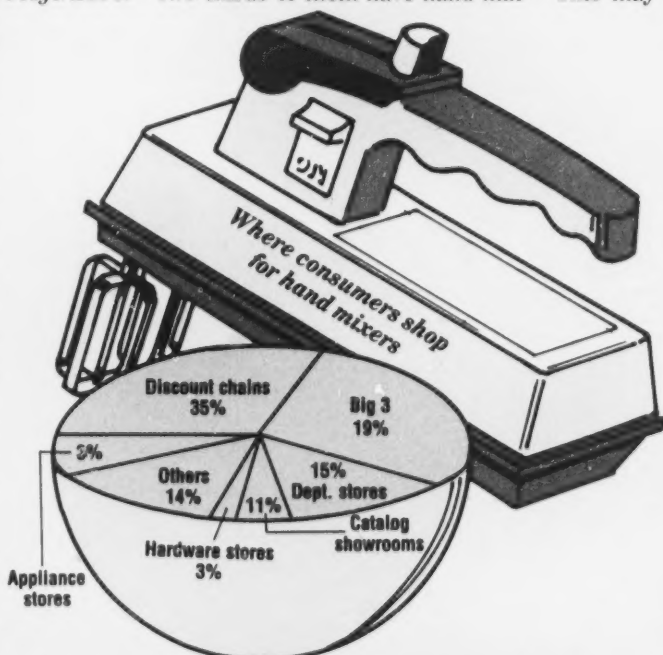
10% percent of the households rate chances high that they will buy another model in the next 12 months.

The under-cabinet-concept has not been widely accepted by consumers when it comes to blenders.

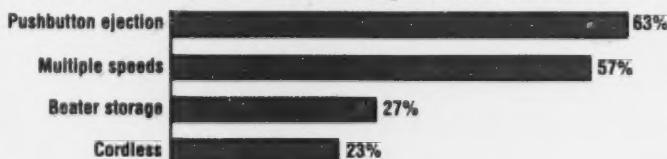
Some 78% of the consumers say they prefer countertop models to under-the-cabinet units. The latter style is favored by 17%. Most households (54%) say they want models with glass containers, while 42% like plastic.

As for speed, it is the lower range—10-speed—blender model that is most popular, favored by about half of the respondents. Splitting the remaining half were 14-speed models favored by 23% and 16-speed by 20% of the consumers canvassed.

Understandably, the big-dollar volume



Features consumers rate most important in hand mixers



Source: *Chain Store Age*/Leo J. Shapiro & Associates



in mixers come from the stand units. Though most of the respondents (34%) said they expect to pay under \$50 for a stand mixer, 25% of the households said they would most likely pay \$90 or more for a model of their choice.

The popular price range for hand mixers, the study shows, is \$20 to \$24.99, the tag 12% of the consumers expect to pay for a model. Some 8% say they would most likely pay between \$15 and \$19.99 for a unit.

When it comes to blenders, the largest segment of the buying public—23%—expects to pay between \$30 and \$39.99 for a blender, while 13% would spend \$40 to \$49.99.

From the long list of names mentioned, brand awareness appears to be quite high in both mixers and blenders. Reports from the canvassed consumers indicate that Black & Decker still has not been totally successful in making the transition from the General Electric to Black & Decker name.

In stand mixers, for instance, the same number of consumers say they would most likely buy a General Electric model as those who would purchase a Sunbeam unit. In both cases the percentage was 17%. Black & Decker, on the other hand, is cited by just 1% of the respondents.

Results were more dramatic in hand mixers where GE outpolled Sunbeam by a wide margin. It was cited as most likely brand of hand mixer to be purchased by 26% of the households, compared to 17% who favor Sunbeam.

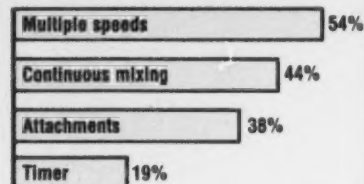
The pattern was similar in blenders. Here General Electric and Oster's Osterizer models shared honors, with the two lines each cited as their most likely blender purchase by 18% of the respondents.

Once it finally gets its message across to consumers, Black & Decker should benefit handsomely from the consumer acceptance of GE merchandise, at least in mixers and blenders.

As for other blender brands, Sunbeam is favored by 10%; Hamilton Beach, 8%; and Waring, 4%. Only 1% said they would most likely buy a Black & Decker model.

Based on their buying intentions, most consumers seem happy with the blender brand they own, and, in most cases, would likely buy the same one again. Of the consumers queried, 18% own an Osterizer; 10%, GE; 7%, Hamilton Beach; 6%,

#### Features consumers rate most important in stand mixers



Source: Chain Store Age/Leo J. Shapiro & Associates

Sunbeam; and 6%, Waring.

In hand mixers, Hamilton Beach ranks third behind GE and Sunbeam in consumer buying intentions with 6%; Oster and Sears, 3% each. All other brands received preference from less than 2% of the respondents.

The gap was closer in stand mixers, where Oster ran a close third to GE and Sunbeam in consumer preference. Some 12% of the consumers canvassed say an Oster unit would most likely be their next blender purchase, while 7% give the nod to KitchenAid, and 5% to Sears.

The MarkeTrend study shows a

consumers.

Discount chains were dubbed by 35% of the consumers surveyed as the most likely stores for their hand mixer purchases. Of these, K mart was the choice of 13%.

At the same time, 19% of the households canvassed indicated that they would probably buy portable mixers in the national chains—Sears, Penney and Montgomery Ward. Sears dominated here with nearly three-quarters of the households favoring it for hand mixers. Some 15% of the consumers say they would shop full-line department stores for their portable models; 11%, catalog showrooms; 3%, appliance stores; 3%, hardware stores.

As for stand mixers, the Big 3 national chains are prime beneficiaries. Some 24% of the consumers say they would most likely shop for their next model at national merchandisers, an overwhelming percentage of them in Sears. Discounters were cited by 20% of the households, while full-line department stores were named by 18% and catalog showrooms, 13%. Appliance stores were favored by 3%.



Seventy-eight percent of consumers polled prefer counter-top models.

substantial difference in where people expect to shop for mixers and blenders. Discount stores appear to be the most likely source for hand mixers. Potential buyers of stand mixers and blenders, on the other hand, were more likely to shop outlets other than discounters.

Interestingly, Sears gains most from the consumers' disaffection with discount stores as far as purchasing blenders and stand mixers go. The full-line department store seems to be a constant, named equally often for all three products by from 15% to 18% of the

Most consumers are most apt to head for a discount store for their blenders, the study shows. Some 29% of the consumers canvassed in the MarkeTrends research say that the discount chains would probably get their business, while 22% say their next blender purchase will probably be made in one of the Big 3 national chains.

Catalog showrooms and department stores still rated high with the blender buying public. Some 15% of the households expect to purchase their next blender in the former; 12% in the latter. □

# AGE MAKES THE DIFFERENCE FOR SALES OF TABLE LINENS

Retailers can expect stonger sales from the under 35-year-old. Sales will be made in upper and lower price points, with the bulk falling to the lower end.

**C**ustomers will buy fewer table coverings in the next 12 months, and much of the business will migrate toward the upper and lower ends of the price point spectrum.

Those predictions, based on the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey, mean that specialty and de-

35 wants to buy a tablecloth.

Younger consumers are more likely to buy less expensive, everyday table coverings and may therefore shop first in discount stores, thus strengthening discounters' share of a shrinking market.

Most of the expected decrease in buying intentions comes from people over 35 years old.

The survey subjects anticipate paying \$15 this year for a set of four napkins, up from \$12 a year ago. This year, more than 38% expect to pay \$20 or more per set, up from 19% last year.

The expected median price of four place mats jumped to \$12 this year from \$10 in the previous poll. Respondents who will pay \$20 or more for a place mat set leaped from just over 13% last year to nearly 28% in the most recent survey.

On the other end, many intend to pay far less for napkins now than a year ago.

More than 12% of MarkeTrends respondents expect to find napkin sets at a rock bottom price of less than \$5, compared to just 1% last year.

Of all those questioned, well over 8% say they will buy regular-sized napkins, while a little more than 5% will acquire oversized napkins.

In place mats, solid colors are favored over prints, by more than 13% to less than 7%.

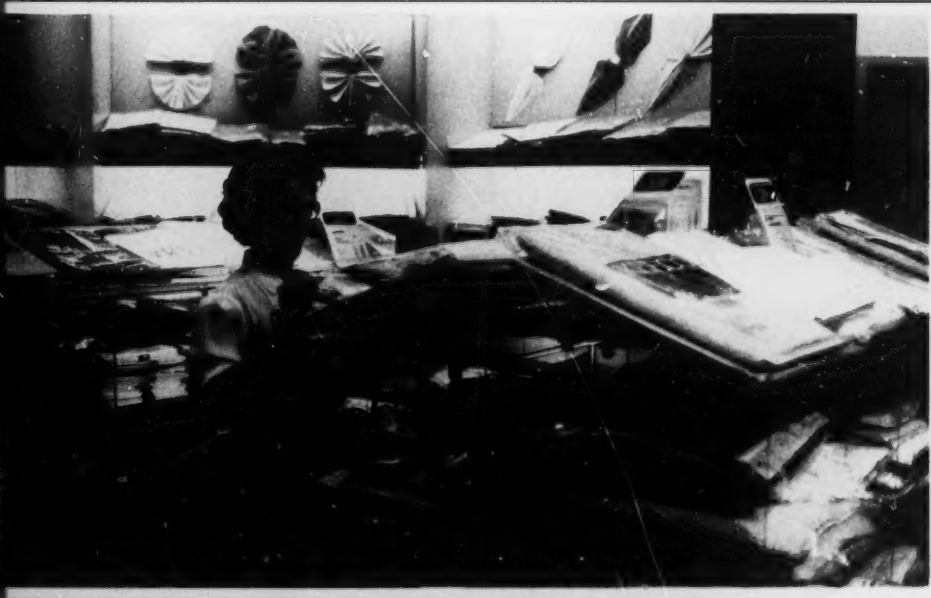
Jeff Cohen, national sales manager for Arley Merchandising Corp., agrees that patterns and novelties

will continue to lose ground to solids in napkins and place mats.

"I think," says Cohen, "we're going to go back to basics."

Cohen also says choice of color is likely to remain in step with apparel, as customers choose darker shades in autumn and lighter in spring.

In the poll, woven-look material, the favorite for place mats among 6% of those surveyed, leads a close race over quilt with 5.8% and vinyl



*The major drop-off in purchase intentions is by those over 35 years old.*

partment store retailers can reasonably hope to pump up dollar sales and improve gross margin dollars, despite slack unit sales.

Discounters, however, could face continued price resistance, compounded by slightly lower unit sales.

The saving grace for discounters is that people under 35-years-old will buy more table coverings this year than last.

In fact, 1 in 5 respondents under

Survey respondents indicate, for example, weaker intent to buy cloth napkin sets and place mats this year than last.

Those who say they expect to purchase napkins dipped from 18% of the sample in 1986 to 14.4% this year. In place mats, prospective customers declined from more than 23% to less than 21%.

However, many of the consumers who expect to buy also expect to pay more this year than last.

at 5.7%. Straw polled 1.2%.

With other table coverings, intent to buy napkin rings fell from nearly 7% last year to less than 6% this year, while expected purchases of table pads dropped nearly a percentage point to 6.8% this year.

The strongest table covering category in intent to buy is tablecloths, which showed little movement from last year to this. In both surveys, slightly more than 25% of consumers say there is a chance they may buy a tablecloth in the coming 12 months.

That apparent flatness in demand will probably not carry through at the cash register, however. Though the same percentage of people in both polls are considering tablecloth purchases, the number of tablecloths sold will still decrease because multiple purchases will decline.

While retailers may find price points rising for higher end tablecloths, prices are staying about the same for lower priced versions.

Stan Oratz, vp sales for Scranton Lace, says customers are easier to step up in the higher end.

"If they are prepared to spend \$39.99, you can get them to \$49.99 with some subtleties," says Oratz. "If they have it in mind to spend \$9.99, there's no way you can get them to \$14.99."

Scranton Lace products have suggested retails of \$12.99 to \$14.99, Oratz says, and at that level price is "staying the same and it has for a number of years."

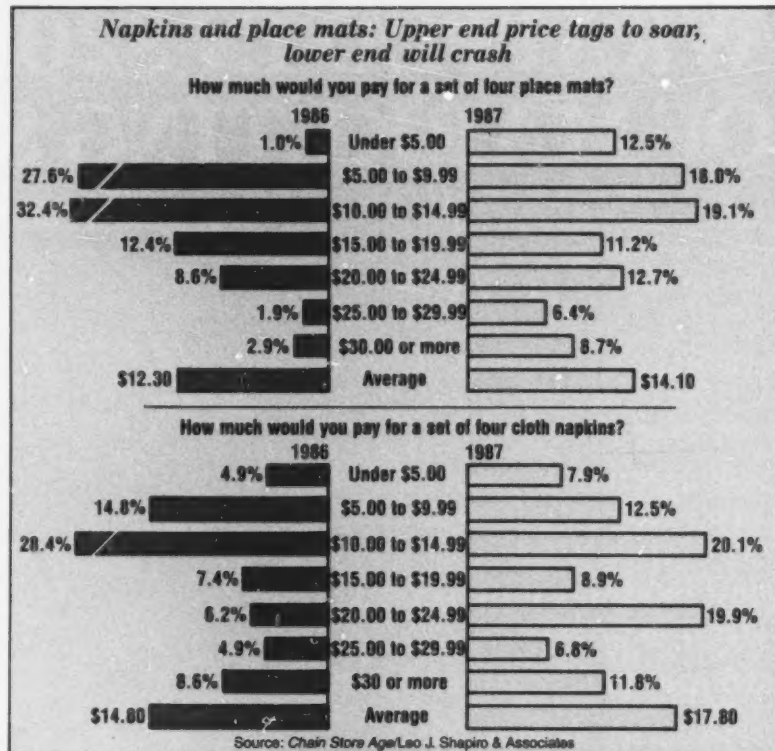
Prospective tablecloth purchasers will switch from formal to everyday versions, the survey indicates.

The preference for formal dipped from nearly 38% last year to a new figure of just over 33%. Those who are opting for everyday increased from a little less than 51% a year ago to more than 64% now.

Significantly, people expecting to buy both formal and everyday tablecloths plummeted from 8.6% in 1986 to 1.2% now.

Cloth, rather than vinyl, will remain the favored material for tablecloths. Nearly 80% of respondents who anticipate purchasing a tablecloth prefer cloth, compared to just over 20% who plan to buy vinyl tablecloths.

Blends of synthetic and natural fibers hold sway among those who will buy cloth tablecloths, as the choice of more than 44%. Slightly more than 30% say they will buy all-



Many consumers who expect to buy, also expect to pay more this year.

cotton tablecloths, while less than 3% anticipate buying all-synthetic cloths.

Solid colors will prove the preference among tablecloth purchasers, with a 63% showing among the people polled. Patterns are the expected favorite of 38%.

Nearly 56% of respondents will favor lace over plain tablecloths.

Whether a formal tablecloth customer is also a tablecloth liner customer is an even bet, with 48.1% saying they plan to buy a liner. Vinyl will become the preferred liner ma-

terial, the choice of nearly 26% of all formal tablecloth purchasers.

Only a few consumers say they are likely to buy tablecloths with holiday themes. Almost 55% of the people who anticipate buying a tablecloth in the next year have never bought a holiday cloth and only 7.2% of the people in that group say they would buy one in the future.

Arley's Cohen says novelties are losing out to solids in napkins and place mats, but maintains that novelties will remain an important part of the business. □



## Seasonal goods boost June sales 9.5%

Aggressive Father's Day promotion along with brisk activity in apparel and such seasonal merchandise as fans and air conditioners helped 19 major retailers tracked by *Chain Store Age* chalk up June sales gains that averaged 9.5%.

The generally modest increases for the month pushed the retailers' volume for the fiscal year to date above last year's level by 10.5%. While June sales figures were generally favorable for full-line chains, with gains ranging from Penney's 2.4% to Wal-Mart's 34%, a more accurate barometer of today's sluggish business climate is the lackluster same-store results reported for the month.

Sales for comparable Penney stores, for instance, increased by only 1.6% in June. Meanwhile, same-store volume at Mercantile Stores units for the month averaged 3.6%.

By the same token, Dayton Hudson reported comparable-store sales in June up 3.7% but an overall 13.5% increase for the period. Similarly, K mart saw same-store sales increase 2.8% in June, although total sales for the period ran 6.5% ahead.

Bucking the trend, though, was Wal-Mart where comparable-store sales climbed a sturdy 12% during both June and the five-month period.

Despite the generally unspectacular sales picture, some executives were heartened by June activity. Harold E. Sells, Woolworth chairman and ceo, for example, said, "June results were encouraging. Particularly strong sales gains in U.S. Woolworth stores exceeded expectations."

Performance varied widely from division to division within diversified retail corporations. Dayton Hudson is a case in point. While its Target arm scored a 16% sales gain in June, its Mervyn's operation was up 12%; Lechmere, 35%, and department stores, 2%.

Mervyn's sales showing, however, was at the expense of profitability. Kenneth A. Macke, Dayton Hudson chairman and ceo, attributes Mervyn's increase largely to promotional activity, markdowns, and low day-to-day prices.

Gold Circle was the weak link in the Federated Department Stores

## Modest sales gains registered in June

| Major chains                    | % change | June sales*  |              | Stores |       | 5-mo. sales*  |               | % change |
|---------------------------------|----------|--------------|--------------|--------|-------|---------------|---------------|----------|
|                                 |          | 1987         | 1986         | 1987   | 1986  | 1987          | 1986          |          |
| Sears <sup>1,2</sup>            | + 3.7    | \$ 2,530,178 | \$ 2,440,070 | 806    | 799   | \$ 10,455,977 | \$ 10,073,359 | + 3.6    |
| Penney <sup>1</sup>             | + 2.4    | 1,170,000    | 1,143,000    | 1,846  | 1,895 | 5,080,000     | 4,860,000     | + 4.6    |
| Ward                            | + 7.5    | 420,400      | 390,900      | 296    | 292   | 1,690,000     | 1,575,000     | + 7.0    |
| May Dept. Stores                | + 9.1    | 938,700      | 860,200      | 2,828  | 2,210 | 4,030,000     | 3,660,000     | + 10.0   |
| Dayton Hudson                   | + 13.5   | 879,600      | 775,200      | 487    | 1,201 | 3,670,000     | 3,230,000     | + 13.6   |
| Federated <sup>1</sup>          | + 5.8    | 762,500      | 720,500      | 519    | 486   | 3,331,700     | 3,158,700     | + 5.5    |
| Carter Hawley Hale              | + 7.6    | 344,500      | 320,200      | 320    | 299   | 1,436,700     | 1,337,900     | + 7.4    |
| Mercantile                      | + 5.7    | 177,143      | 167,576      | 79     | 80    | 792,339       | 742,000       | + 6.8    |
| Carson Pirie Scott <sup>1</sup> | + 21.6   | 68,400       | 56,259       | N/A    | N/A   | 312,100       | 263,171       | + 18.6   |
| K mart <sup>1,4</sup>           | + 6.5    | 2,427,210    | 2,279,220    | 2,183  | 2,183 | 10,041,352    | 9,266,706     | + 8.4    |
| Wal-Mart                        | + 34.0   | 1,231,000    | 918,000      | 1,120  | 941   | 5,723,000     | 4,214,000     | + 36.0   |
| Zayre                           | + 20.2   | 574,600      | 478,400      | 1,119  | 1,024 | 2,322,000     | 1,945,400     | + 19.4   |
| Woolworth <sup>1</sup>          | + 6.0    | 362,000      | 341,000      | N/A    | N/A   | 1,590,000     | 1,490,000     | + 6.2    |
| Ames                            | + 11.8   | 197,600      | 176,800      | 468    | 468   | 796,500       | 692,100       | + 15.1   |
| Bradlees                        | + 18.0   | 192,000      | 163,000      | 166    | 156   | 745,000       | 670,000       | + 11.0   |
| Tandy <sup>1</sup>              | + 9.5    | 257,712      | 235,262      | N/A    | N/A   | 1,144,531     | 1,044,295     | + 9.6    |
| Circuit City                    | + 37.7   | 88,000       | 63,900       | 89     | 76    | 401,300       | 283,800       | + 41.4   |
| Federated Group                 | - 17.0   | 33,200       | 40,000       | 66     | 60    | 150,100       | 157,800       | - 4.9    |
| Best Buy                        | + 142.0  | 28,800       | 11,900       | 29     | 12    | 121,100       | 59,354        | + 104.0  |
| Totals & Averages               | + 9.5    | \$12,683,543 | \$11,581,187 | —      | —     | \$53,836,699  | \$48,720,585  | + 10.5   |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.

<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

network. The discount chain showed a 3.1% drop in sales in June, and flat sales for the 22-week period. Federated's department store volume, on the other hand, was up 6.2% in June and 5.3% for the five months.

A similar picture emerged at May Dept. Stores, which chalked up a 9.1% gain in June. There, June store-for-store volume in its Venture chain declined 3%, resulting in a five month gain of only 1.7%. Caldor, on the other hand, was a star for the company with a 9% same-store sales increase in June; 7.7% for the five months. May's department stores registered 3.7% gain for June; 3.2% for the year to date.

Bradlees' 18% overall hike, 12% same-store gain, was attributed by chairman Avram J. Goldberg to "a

strong Father's Day, excellent business in all apparel departments, and particularly strong sales gains in the domestic and home furnishings divisions."

Men's apparel and seasonal goods were also reported to be especially good at K mart. Fans, air conditioners, and related items along with women's apparel were cited as strong June sellers at Sears by chairman and ceo Edward A. Brennan.

Business at electronic chains was one of extremes. At one end was the California-based The Federated Group Inc. Up against a successful promotional 1986 period, The Federated Group reported June sales down 17%. At the other, the rapidly expanding Best Buy chain, saw June volume climb 142%, but same-store sales increased only 6%.

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# Chain Store Age

GENERAL MERCHANDISE TRENDS

SEPTEMBER

1987

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SEPTEMBER 1987



*Amid some of Los Angeles' savviest operators, this independant electronics dealer believes "smaller is better".....51*

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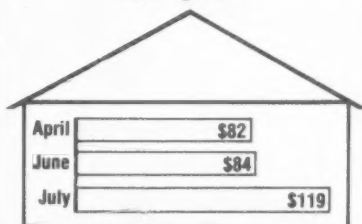
## Sam's No. 1 in wholesale clubs

Many in the business credit Sol Price for the invention of the membership wholesale club, but it is Sam Walton who is getting the greatest recognition from the customer.

According to an exclusive *Chain Store Age*/Leo J. Shapiro & Associates telephone poll, Sam's Wholesale Club is the most frequently shopped of the warehouse clubs.

In the nationwide survey, about 1 in 5 warehouse club shoppers (20.2%) report having shopped Sam's Wholesale Club at least once for either business or personal purchases. And Walton's share of the new market is growing.

### Spending at wholesale clubs gains\*



\*Average amount spent on last shopping trip

Source: *Chain Store Age*/Leo J. Shapiro & Associates

San Diego-based Price Club pulls in second to Sam's, named by 13.4% of the families in the poll. Following are Skokie, Ill.-headquartered Warehouse Club and Denver-based Pace, each named by 6.8% of the survey households.

Who is shopping wholesale clubs? Surprisingly, the survey reveals that only about 21% of the total dollars spent at wholesale clubs is for goods that end up at the office or the store. A whopping 79% of purchases are for merchandise that is used at home.

Though business shoppers report spending \$643 annually, compared to \$289 for customers who do no business shopping, not all of the business shopper's merchandise ends up at the office. About half of what they buy is used at home, they tell the pollsters.

## HouseWorld Expo selects 1988 site

Housewares shows are much in the news these days.

Before the HouseWorld Expo even opened its doors in Las Vegas, Nev. last week, its sponsor, The Interface Group, passed the word that the 1988 edition would be held in New York City. It has been scheduled for June 28-30 at the Javits Convention Center.

Meanwhile, the National Housewares Manufacturers Association has set the dates for its two 1988 Expositions at the McCormick Place complex in Chicago. They are Jan. 10-13 and July 10-13.

New officers elected at the NHMA's recent board meeting will oversee the shows. Bill Ripley, Pfaltzgraff Co., was named to succeed Tom Manning, Rival Manufacturing Co., as NHMA chairman. Robert Furer, Acme Frame, was elected vice-chairman, and Edward Fogarty, Corning Glass Works, treasurer.

At the same time, Judy McBee, WearEver-ProctorSilex, was appointed by the NHMA to serve on the executive committee with Ripley, Furer and Fogarty through 1988.

In moving HouseWorld to New York, Interface is severing strong ties it has had with Las Vegas for many years through the electronics industry.

According to Ron Fippinger, the move has been prompted by the "concentration of retail merchandising power on the East Coast." Available for the show, he said, is the Javits Center's third floor, which can accommodate 2,000 booth units.

## Martha Stewart joins K mart



K mart has chosen Martha Stewart, a syndicated columnist and author of five books on entertaining, to polish the image of the company's new Home Fashion Division.

As a company spokeswoman, Stewart is expected to attract part of her already established upscale following to K mart. Through advice, she will also work to introduce core K mart shoppers to the products needed for better entertaining.

The aim is to capitalize on the nation's new habit of staying at home, while repositioning the chain's stores as destination

stops for fashion housewares and domestics, says K mart President Joseph Antonini.

Stewart's five-year contract provides for television commercials, beginning Nov. 3, and personal appearances.

She says she will also consult with buyers on their merchandise decisions. A private label line bearing her name could reach K mart shelves within a year.

"This is category merchandising," Antonini says of the proposed line. "You bring items together into a group."

The program will begin with Kitchen Kornerstones, POS cards providing free tips on cooking, table decor, kitchen products and home entertaining.

Antonini says K mart will place signs and more than 10 million copies of the cards in 400 stores, starting next month. Other K marts will enter the program next year.

The kitchen and domestics departments will also get a more open look. K mart will eliminate the towers in Kitchen Korner, for example.

"These two departments are key to us," Antonini says, "because the home and its place in the American lifestyle is of great importance to consumers."

## No summer blahs for TV shopping

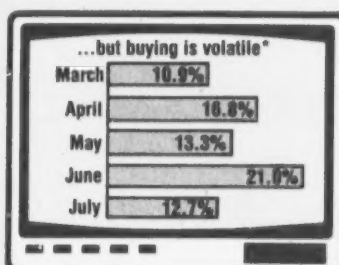
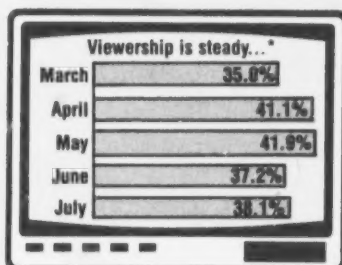
The latest *Chain Store Age*/Leo J. Shapiro & Associates ratings for home TV shopping indicate that unlike regular broadcast TV, audience size for the new format did not shrink during the summer months.

In fact, the nationwide telephone survey reveals that the typical American family watched an average three hours of TV shopping in July, compared to about two and one-half hours this past spring.

While viewing is steady, actual buying is highly volatile, according to the survey. The number of viewers who report buying jumps around from month to month, with as few as 11% saying they bought in the March poll to as high as 21% in June. In the most recent survey, the number is 13%.

Why with a relatively stable audience size does buying appear so volatile? The answer is "people churning," or different people moving in and out of the TV shopping audience every month, according to Shapiro president George Rosenbaum.

### TV shopping's contradiction



\*% households reporting watching and buying from TV shopping programs.

Source: *Chain Store Age*/Leo J. Shapiro & Associates

"What's probably true," Rosenbaum says, "is that each month's audience is composed of a core of steady viewers and a layer of new viewers."

Rosenbaum continues, "The new viewers appear to balance out the dropouts. The exchange of new viewers and audience dropouts makes sales uneven. If this dynamic changes, namely that the shows fail to find new viewers to balance departing viewers, sales would begin to level off sharply."

Some cable operators are wary of taking that risk, and it is becoming difficult for new shopping services to find cable channels. Shop Television Network, a joint venture with J. C. Penney, is offering cable operators a "risk-free" package if they carry the TV shopping service.

For six months after its launch, Shop Television Network offers to match the highest commission paid by any of the cable operator's current TV shopping services. The royalty guarantee is recoupable against a 5% commission.

## Mr. Coffee serves retail concern

Housewares retailers will be watching Mr. Coffee closely under its new ownership to see if the company can maintain the No. 1 position it has enjoyed in drip coffeemakers under the aegis of its co-founder, Vince Marotta.

A merchandising vp for a ma-

jor catalog showroom echoed the sentiments of many retailers when he said, "It remains to be seen whether the new company remains as aggressive in the marketplace as Marotta. If it doesn't it will lose its excellent market share."

"Marotta," he added, "was willing to work on pennies; the new management may want to work on nickels. What's more, Marotta is an entrepreneur. It is not always easy for a new compa-

ny to learn how to be entrepreneurial," he said.

New owner of North American System Inc., pioneer of the automatic drip coffeemaker in 1972, is a partnership formed by the New York-based securities firm, McKinley Allsop Inc. The company, which is being renamed Mr. Coffee Inc., was acquired from Marotta and co-founder Samuel L. Glazer last month in a leveraged buyout.

North American Systems is said to have annual sales of about \$120 million. Terms of the transaction were not disclosed.

In addition to associates and executives of McKinley Allsop, the partnership includes housewares industry veteran Jack Eikenberg, who was named president of the new company, and select members of North American System's senior management team.

Eikenberg is no stranger to the housewares wars, having been president of Revere Ware, Cuisinarts, and most recently Towle's National Housewares division.

The Mr. Coffee sale caught many in the industry off guard. As result most retailers have adopted a wait and see attitude on what effect the change in management will have on the company.

A merchandising vp at a major Midwestern discount chain, said, for example, "They (Mr. Coffee) have a very desirable product. But we won't know which direction the new company will take to maintain market share until programs are announced later this year. Right now, though, the move will have no immediate impact."

Strengthening its position in department stores would seem to be a worthy objective for the new owner.

Ray Berger, dmm at Marshall Field's, illustrates what they are up against here. He said flatly, "We don't carry the line. It's not for us."

An East Coast department store dmm hopes the new owners will concentrate on improving the quality of the product. "We have had a lot of problems with the line" in this regard, he said. As a result, the executive is seeing his customers turning more and more to Krups units.

CAN VENDORS AFFORD TO REST ON THEIR

# LAURELS

The second annual Top Resource Study reveals the vulnerability of a vendor's position. It can fluctuate as dramatically as the retailing market itself.



If Chain Store Age's second annual Top Resources Study proves anything at all, it is that even the most well established brands of a product are vulnerable when it comes to aggressive competition from old-timers and newcomers alike.



### Ten dominant top resources

|                                      | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|--------------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| 1. Film/Kodak                        | 89.0%             | 106.0%         | 78.6%               | 92.8%     | 84.4%            | 93.3%               | 96.9%        | 90.6%     | 87.1%           | 96.9%         |
| 2. Batteries/Duracell                | 79.4              | 84.6           | 61.5                | 80.0      | 84.6             | 83.3                | 76.9         | 75.0      | 90.9            | 84.6          |
| 3. Preschool toys/Fisher-Price       | 68.5              | 93.8           | 45.2                | 75.0      | 64.5             | 83.9                | 71.9         | 75.0      | 62.5            | 71.0          |
| 4. Irons/Black & Decker              | 61.4              | 83.3           | 55.2                | 70.8      | 51.7             | 66.7                | 55.2         | 72.4      | 57.7            | 63.3          |
| 5. Electric blankets/Northern        | 52.2              | 80.7           | 58.4                | 50.0      | 50.0             | 51.8                | 51.7         | 58.1      | 59.2            | 48.2          |
| 6. Toy activity sets/Milton Bradley  | 48.9              | 80.0           | 41.4                | 34.6      | 43.3             | 55.6                | 53.3         | 50.0      | 51.7            | 60.0          |
| 7. Action figures/Hasbro             | 46.1              | 79.4           | 59.3                | 40.0      | 39.3             | 46.7                | 51.6         | 50.0      | 27.3            | 56.3          |
| 8. Watches/Timex                     | 45.4              | 54.6           | 29.0                | 45.8      | 39.3             | 57.7                | 48.3         | 42.3      | 54.2            | 50.0          |
| 9. Greeting cards/American Greetings | 45.0              | 69.4           | 50.0                | 62.5      | 42.9             | 40.0                | 45.5         | 40.0      | 41.9            | 40.0          |
| 10. Light bulbs/Sylvania             | 44.8              | 66.7           | 44.4                | 57.1      | 44.4             | 28.6                | 33.3         | 55.6      | 50.0            | 44.4          |

Source: Chain Store Age/Leo J. Shapiro & Associates

Nowhere is this fact more evident than in the consumer electronics field where Scotch, a virtually ignored line last year, has emerged as the top performer at retail this year in blank video tapes and a contender in blank audio tapes. Significantly, with Scotch's rise, the better known Sony line has fallen from among the top three resources in both areas.

Meanwhile in the toy arena, Dakin, a lightly regarded line last year, has come on to dethrone Gund as top plush toy supplier for retailers this season.

Although Chicago Cutlery has maintained its substantial lead, Stanley Roberts' Rogers improved dramatically to push into second place in the cutlery sweepstakes.

One of the more dramatic shifts, however, has occurred in typewriters. Brother, which had a commanding lead in 1986, has been toppled by Smith-Corona, a distant runner-up last year. Brother's sharp drop, coupled with a significant rise in buyer estimation of Smith-Corona, has left it with a healthy lead over Brother in 1987.

These developments are just some of the findings in the second annual *Chain Store Age/Leo J. Shapiro & Associates Top Resources Study*.

The CSA report attempts to measure the way buyers rate brands in 39 product categories. The study surveyed discount and department store buyers and merchandise managers in seven different product areas—consumer electronics, stationery, housewares, home textiles, photo/camera, toys and jewelry.

The merchants responded only in their areas of expertise.

Retailers were first asked to name all resources that come to mind when a particular product is mentioned, and then were asked to select their best performing product based on eight criteria. These are: good profit margins, co-op advertising, on-time delivery, consumer ad support, turnover rate, sell-through, packaging, and sales staff and service.

Responses were tabulated to determine the best overall performer.

Some of the unsurprising data disclosed in the study were the facts that Kodak was judged best performing film supplier by a whopping 88% of the retailers, and that Duracell was the favorite battery producer of 79.4% of the respondents.

Black & Decker was voted top iron resource by 62.2% of retailers canvassed in the study, a good indication that it has finally made the transition from the GE name in the mind of the retailer.

Though Sunbeam does not market electric blankets under its own name, many buyers seem to think it does because of its Northern Electric connection. While its Northern Electric division garnered 35.5% of the vote, Sunbeam was cited by 16.7%.

The upsurge in interest in both the Scotch tape lines and Dakin toy products can be traced to the two firms' broader distribution this

year, particularly in discount chains.

Profitability, or lack of it, has been the prime reason for Brother's downfall in the typewriter market. Only 20% of the buyers this year are satisfied with Brother's profit margins, compared with 56.3% last year. At the same time, Smith-Corona improved its position in turnover and sell-through, while Brother faltered in these criteria.

While profitability is an important one, it is not the sole major consideration determining a retailer's choice of lines.

Anchor Hocking is a case in point. Some 20% of the discount chains cited its good profit margin, rating it above both Rubbermaid's and Corning's lines, whose profit margins were approved each by 13.3%.

Still, Anchor Hocking ranked third behind Corning and Rubbermaid in the total discount chain picture because of Corning's better advertising support and packaging, and Rubbermaid's better turnover, sell-through, cooperative advertising, and sales force and service.

Similarly in the cars-truck segment of the toy market, Nylint enjoyed the support of 33.3% of the discount chains voting in the study when it came to profit margins.

Yet, it was not even a close second in total performance to Tonka, cited for good profit margins by 11.1% of the discounters. Here again, the top rated company far outpolled its rival in ad support, turnover, sell-through and packaging.

By the same token, Hasbro's action figures toys earned higher marks from department stores in profitability than Mattel's but still came in second to the latter in overall performance.

The CSA study shows that vendors who comfortably sell both sides of the street, are often the most popular resources.

Probably the best illustration of this is Black & Decker, which had a total approval rating from over 60% of both discounter and department store.

Corning, Rubbermaid and Anchor Hocking microwave cookware lines were also as highly regarded by mass merchants and department stores. In the toy area, Fisher-Price, Tonka, Milton Bradley, Mattel, Hasbro and Lego received high dual marks.

In many instances, though, department stores and discounters try to avoid direct competition on product lines. This tendency is reflected in the name brands that appear on the department stores' preferred list but not the discounters'.

In merchandising draperies and curtains, for instance, lines most mentioned by discounters were Lichtenburg and Corona. Department stores, on the other hand, favored Burlington and Croscil.

Similarly, department stores give the nod to Revere and Farberware in metal cookware, while mass merchants like Wearever and Mirro.

The list of top retailer resources this year shows little change from the past. In a few areas, it is a matter of one or two companies reversing positions. For instance, Sheaffer Eaton and Mead were one-two in date books last year but are two-one this year. Corning took over first spot in microwave cookware from Rubbermaid this year. In 1986, Corning ran second to Rubbermaid.

The lineup remained unchanged in most other categories. TDK and Maxell were the one-two most favored in blank audio tapes; Libbey and Anchor, glassware; Cannon and Fieldcrest, sheets/pillowcases; Bushnell and Tasco, binoculars; and Hasbro and Mattel, action figures toys.

Probably the most stable category is drapery hardware. There the top companies in 1986 are holding their position this year. Kirsch is No. 1, followed by Newell, Graber



*In a dramatic shift, Smith-Corona was judged most favorable in typewriters.*

and Kenney.

Besides Sony, there were other brands that dropped off the list of top suppliers in various categories. Among the missing in housewares are Ekco, Foley, Oneida, and Lifetime Cutlery. In action toys, low on the list this year are last year's highly rated LJN, Kenner and Coleco, the marketer of the Cabbage Patch doll.

For the CSA/Leo J. Shapiro study, 218 buyers from major department store and discount store

chains were interviewed. Seventy-one percent of the respondents had the title of buyer or assistant buyer for a particular product category or categories. Another 10% were merchandise managers, while the remaining 19% were either merchandise managers or held another title but did have responsibility for buying of particular merchandise. In most instances, buyers reported for more than one category. □

—Bob Okell

## Electronics: new players on the circuit

**The top choices reflect a new line up. Scotch and Smith-Corona are among the new leaders.**



Scratch Sony and add Scotch to the ranks of retailers' top consumer electronics resources. This year Sony has dropped off the list of blank video and audio tape brands most favored by retailers. Replacing it is Scotch, a low man in the 1986 report, but No. 1 this year in video tapes and in fourth place in audio tapes.

Scotch's dramatic climb can be traced to the line's broader distribution this year. It was not rated best by any department store in last year's study but was cited by 17.1% this year as a top resource. By the

same token, 28.8% of the discount stores in this year's report gave Scotch a high rating, compared to 5.4% in 1986. Sony also suffered from considerably lower retailer estimation of its performance in other criteria, notably sell-through, and profitability.

There was little change in supplier status in other product areas, except typewriters. There Smith-Corona dislodged Brother as top brand in the category. Here are how the top resources shape up individual categories.

**Blank video tapes:** From out of nowhere comes Scotch brand to become the top performing line at retail this year. In so doing, it vaulted

**Department stores: Panasonic is a key line in electronics**

| Brand                              | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|------------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Blank video tape</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Maxell                          | 30.3%             | 46.2%          | 30.8%               | 20.0%     | 30.8%            | 23.1%               | 30.8%        | 38.5%     | 27.3%           | 38.5%         |
| 2. Scotch                          | 17.2              | 23.1           | 15.4                | 20.0      | 15.4             | 23.1                | 15.4         | 15.4      | 18.2            | 15.4          |
| 3. RCA                             | 16.2              | 15.4           | 15.4                | 20.0      | 15.4             | 15.4                | 15.4         | 15.4      | 18.2            | 15.4          |
| <b>Telephones</b>                  |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. AT&T                            | 27.6              | 41.7           | 25.0                | 27.3      | 27.3             | 27.3                | 27.3         | 30.0      | 30.0            | 27.3          |
| 2. Panasonic                       | 25.3              | 33.3           | 16.7                | 18.2      | 36.4             | 27.3                | 27.3         | 30.0      | 30.0            | 18.2          |
| 3. GE                              | 20.7              | 25.0           | 16.7                | 18.2      | 18.2             | 27.3                | 18.2         | 20.0      | 30.0            | 18.2          |
| <b>Telephone answering devices</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Panasonic                       | 35.4              | 45.5           | 27.3                | 27.3      | 40.0             | 30.0                | 40.0         | 40.0      | 40.0            | 40.0          |
| 2. AT&T                            | 19.5              | 27.3           | 18.2                | 18.2      | 20.0             | 20.0                | 20.0         | 20.0      | 20.0            | 20.0          |
| 3. Sanyo                           | 9.8               | 9.1            | 9.1                 | 9.1       | 10.0             | 10.0                | 10.0         | 10.0      | 10.0            | 10.0          |
| <b>Blank audio tapes</b>           |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Maxell                          | 25.0              | 53.8           | 23.1                | 10.0      | 27.3             | 23.1                | 33.3         | 30.8      | 25.0            | 25.0          |
| 2. TDK                             | 24.0              | 38.5           | 23.1                | 30.0      | 27.3             | 15.4                | 25.0         | 23.1      | 33.3            | 16.7          |
| 3. Memorex                         | 16.7              | 30.8           | 15.4                | 10.0      | 18.2             | 23.1                | 16.7         | 15.4      | 16.7            | 16.7          |
| <b>Typewriters</b>                 |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Smith-Corona                    | 39.2              | 60.0           | 40.0                | 40.0      | 50.0             | 40.0                | 40.0         | 33.3      | 30.0            | 40.0          |
| 2. Brother                         | 17.7              | 50.0           | 20.0                | 20.0      | 10.0             | 20.0                | 10.0         | 22.2      | 20.0            | 20.0          |
| 3. Panasonic                       | 13.9              | 40.0           | 10.0                | 10.0      | 20.0             | 10.0                | 20.0         | 11.1      | 20.0            | 10.0          |
| <b>Calculators</b>                 |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Sharp                           | 30.6              | 55.6           | 33.3                | 33.3      | 22.2             | 22.2                | 33.3         | 33.3      | 33.3            | 33.3          |
| 2. Texas Instruments               | 30.6              | 44.4           | 22.2                | 33.3      | 33.3             | 33.3                | 33.3         | 33.3      | 33.3            | 22.2          |
| 3. Casio                           | 19.4              | 33.3           | 11.1                | 22.2      | 11.1             | 11.1                | 22.2         | 22.2      | 22.2            | 33.3          |
| <b>Portable stereos</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Panasonic                       | 19.4              | 57.1           | 8.3                 | 16.7      | 23.1             | 15.4                | 35.7         | 25.0      | 15.4            | 14.3          |
| 2. Sony                            | 19.4              | 35.7           | 25.0                | 16.7      | 30.8             | 15.4                | 21.4         | 16.7      | 15.4            | 14.3          |
| 3. Magnavox                        | 18.4              | 28.6           | 8.3                 | 25.0      | 7.7              | 23.1                | 14.3         | 25.0      | 23.1            | 21.4          |

Source: Chain Store Age/Leo J. Shapiro & Associates

over Maxell, Sony, TDK and RCA, the top four contenders respectively in 1986.

This year, lines from five companies—Scotch, Maxell, TDK, Memorex, RCA in that order—are preferred by over 75% of the buyers reporting in CSA's study. Sony ranked sixth out of more than a dozen lines mentioned with a good rating from 9.7% of the respondents.

Scotch's first place overall finish is largely due to its advertising policy, sell-through, and sales force and service to dealers. Although it does well, Scotch still lags behind second place Maxell in profitability, turnover, and on-time delivery.

While discount chains favor Scotch, Maxell holds a commanding lead in department store preference. Scotch received a top performance rating from 29% of the discount chains, while Maxell is favored by 30% of the department stores checked. TDK is second choice of discount stores; Scotch the second of department stores.

**Blank audio tapes:** Unlike 1986 when five vendors accounted for all but 22% of the votes, this year three

suppliers were preferred by 80%. TDK, Maxell and Memorex, the 1986 leaders, built their lead to scores of 30.8%, 27.8% and 22%, respectively. Memorex took over third place, from Sony, which has dropped to close to the bottom of the list. A distant fourth with 7% acceptance was a newcomer to the list, Scotch.

In evaluating the audio tapes, slightly more than 1 out of 3 discounters like TDK, while 29.8% favor Maxell and 26% Memorex. TDK's biggest plus was on-time delivery cited by nearly half of the respondents. It also received higher marks than its competition in cooperative and consumer advertising support. TDK and Maxell are in a flat-footed tie on profitability, however, each garnering a 31.3% rating on margins.

Maxell and TDK fared better with discount chains than department stores. Some 30% of the mass merchants favor Maxell; 36%, TDK. In department stores, Maxell was picked by 25%; TDK by 24%. Both channels of distribution found the two companies' profit margins good by consumer electronics standards.

Each was applauded by 33.3% of the discounters, and 23.1% of the department stores.

**Telephones:** In this fast growing segment of the home electronics market, AT&T is the top selection of department stores polled by CSA. Its victory margin was admittedly slim. The line is favored by 27.6% of the department stores, compared to the 25.3% who prefer Panasonic and the 20.7% who like GE.

On the discount scene, however, GE is champ, garnering 32.1% of the votes to 15.3% for Panasonic. AT&T's share was 11.7%, behind ITT's 13.1% and Bell's 12.4%.

Thanks to its record in discount chains, GE registered the best overall performance rating of the telephone suppliers mentioned in the survey. It was selected by 27.7% of the retailers. Panasonic was second-best, cited by 19.2%. AT&T pulled up third with 17.9% of the vote.

Discounters gave a big edge to GE in co-op and consumer advertising, turnover rate, on-time delivery, and sales force and service. Elsewhere, GE shared the vote



equally with Panasonic on sell-through; with Bell on packaging.

In department stores, on the other hand, profitability, turnover, and co-op advertising made the difference for AT&T. The company outperformed its nearest rivals, GE and Panasonic, in these key areas by a 9-point margin. Panasonic turned the tables when it came to on-time delivery. It outscored second place AT&T there by an equally sizeable difference.

In other criteria, the ratings were closer. In co-op advertising, for instance, Panasonic shared first place with GE and AT&T in consumer advertising (27.3% of the department store vote); and with AT&T in sell-through (27.3%). Similarly, Panasonic and AT&T were equally highly regarded for their packaging and sales force and service, acclaimed by 30% of the respondents. GE received 30% of the votes for its sales force and service.

**Telephone answering devices:** When it comes to leadership here,

there is little contest. Panasonic has it hands down, with 29.3% of the merchants surveyed giving it a top performance rating. Its nearest competitor overall all was GE with 11.6% and AT&T with 10.5% of the votes.

Panasonic received considerably larger support from department store buyers (35.4%) than it did from discount chains (24.2%).

Discounters were also inclined to favor GE (21.1%) and Cobra (18.2%).

In department stores, AT&T was several lengths behind Panasonic with 19.5% of the vote. It, in turn, was followed in third spot by Sanyo with 9.8% share. Panasonic's strong showing is reflected in the fact that it received highest scores from department stores in all eight criteria in the study.

Panasonic was on less secure ground in discount chains. Profit margins is a case in point. In that critical area, mass merchants picked Cobra over Panasonic 23.1%

to 15.4%. At the same time, GE outpointed it 27.3% to 18.2% in co-op advertising. Elsewhere, Panasonic shared leadership with GE in consumer ad support, each selected by 27.3% of the retailers. Panasonic, GE and Cobra are favored by the same number of discount chain buyers (23.1% each) as far as turnover rate goes.

Panasonic has no peers, however, in sell-through, sales force and service, and packaging, garnering respectively 30.8%, 33.3% and 23.1% of the discount chain votes.

**Typewriters:** In one of the most dramatic swings in fortunes for a company in years, Smith-Corona vaulted over Brother for top overall performance by a wide margin. In 1986, Brother was chosen best brand by more than half of the buyers, with Smith-Corona cited by 24.1%. This year Smith-Corona scored with 32.5% of the retailers; Brother, 21.7%.

Analysis of results from the 1986 and 1987 studies shows that the

#### Discount chains: Scotch, GE pace CE performers

| Brand                              | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|------------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Blank video tape</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Scotch                          | 28.8%             | 55.6%          | 21.4%               | 23.1%     | 26.7%            | 38.5%               | 29.4%        | 37.5%     | 23.1%           | 29.4%         |
| 2. TDK                             | 16.9              | 44.4           | 7.1                 | 30.8      | 20.0             | 23.1                | 11.8         | 18.8      | 23.1            | 5.9           |
| 3. Memorex                         | 15.3              | 44.4           | 7.1                 | 23.1      | 26.7             | 15.4                | 5.9          | 18.8      | 23.1            | 5.9           |
| <b>Telephones</b>                  |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. GE                              | 32.1              | 50.0           | 22.2                | 37.5      | 43.8             | 37.5                | 22.2         | 22.2      | 41.2            | 33.3          |
| 2. Panasonic                       | 15.3              | 27.8           | 16.7                | 6.3       | 12.5             | 18.8                | 22.2         | 16.7      | 17.6            | 11.1          |
| 3. Bell                            | 12.4              | 38.9           | 16.7                | 6.3       | 18.8             | —                   | 11.1         | 22.2      | 17.6            | 5.6           |
| <b>Telephone answering devices</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Panasonic                       | 24.2              | 46.2           | 15.4                | 18.2      | 23.1             | 27.3                | 30.8         | 23.1      | 33.3            | 23.1          |
| 2. GE                              | 21.2              | 30.8           | 15.4                | 27.3      | 23.1             | 27.3                | 15.4         | 15.4      | 25.0            | 23.1          |
| 3. Cobra                           | 18.2              | 30.8           | 23.1                | 9.1       | 15.4             | 9.1                 | 23.1         | 23.1      | 16.7            | 23.1          |
| <b>Blank audio tapes</b>           |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. TDK                             | 35.9              | 77.8           | 31.3                | 40.0      | 47.1             | 40.0                | 35.3         | 27.8      | 33.3            | 33.3          |
| 2. Maxell                          | 29.8              | 77.8           | 31.3                | 26.7      | 29.4             | 33.3                | 23.5         | 44.4      | 33.3            | 16.7          |
| 3. Memorex                         | 26.0              | 66.7           | 18.8                | 20.0      | 35.3             | 20.0                | 35.3         | 22.2      | 20.0            | 33.3          |
| <b>Typewriters</b>                 |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Brother                         | 25.6              | 70.0           | 20.0                | 22.2      | 20.0             | 22.2                | 30.0         | 40.0      | 20.0            | 30.0          |
| 2. Smith-Corona                    | 25.6              | 70.0           | 20.0                | 22.2      | 30.0             | 33.3                | 30.0         | 10.0      | 30.0            | 30.0          |
| 3. Royal                           | 15.4              | 40.0           | 10.0                | 22.2      | 20.0             | 11.1                | 20.0         | 10.0      | 10.0            | 20.0          |
| <b>Calculators</b>                 |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Texas Instruments               | 39.0              | 70.6           | 43.8                | 50.0      | 40.0             | 46.2                | 33.3         | 37.5      | 33.3            | 31.3          |
| 2. Sharp                           | 18.6              | 58.8           | 12.5                | 16.7      | 26.7             | 23.1                | 20.0         | 25.0      | 6.7             | 18.8          |
| 3. Aurora                          | 16.9              | 29.4           | 18.8                | —         | 20.0             | —                   | 26.7         | 25.0      | 26.7            | 12.5          |
| <b>Portable stereos</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. GE                              | 30.2              | 56.3           | 33.3                | 50.0      | 25.0             | 23.1                | 31.3         | 21.4      | 35.7            | 25.0          |
| 2. Panasonic                       | 15.5              | 75.0           | 13.3                | 8.3       | 12.5             | 30.8                | 12.5         | 21.4      | 7.1             | 18.8          |
| 3. Sony                            | 15.5              | 43.8           | 13.3                | 8.3       | 18.8             | 15.4                | 12.5         | 28.6      | 14.3            | 12.5          |
| <b>Batteries</b>                   |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Duracell                        | 79.4              | 84.6           | 61.5                | 80.0      | 84.6             | 83.3                | 76.9         | 75.0      | 90.9            | 84.6          |
| 2. Eveready                        | 17.5              | 61.5           | 15.4                | 10.0      | 23.1             | 16.7                | 23.1         | 8.3       | 18.2            | 23.1          |
| 3. Kodak                           | 10.3              | 38.5           | 15.4                | 20.0      | 7.7              | 8.3                 | —            | 16.7      | 9.1             | 7.7           |

Source: Chain Store Age/Leo J. Shapiro & Associates

swing away from Brother can be traced to shifts in buyer evaluation of its performance in several key merchandising areas.

In profit margins, for example, only 20% of the buyers gave Brother high marks this year, compared to 56.3% in 1986. Similarly, retail approval of the line's sell-through and turnover dropped from 53.3% last year to 30% this year. Smith-Corona, meanwhile, improved its position with retailers in these areas.

Third rated Canon, a newcomer to the magic circle, replaced Royal in the lineup with the approval of 13% of the merchants.

Department stores showed healthy respect for Smith-Corona with a sturdy 39.2% selecting it as their top brand. Brother was a distant second with 17.7%. Discounters were less consistent. Brother and Smith-Corona each garnered 25.6% of these votes, while Royal was favored by 15% and Canon, 20%. The top three scored equally well in virtually every criteria. As for department stores, Smith-Coro-

na came out best in all areas except packaging, where Brother beat it out 31.6% to 21.1%.

**Calculators:** Texas Instruments enjoys a commanding lead in a rather small field of companies mentioned by retailers—six by discounters, seven by department stores. TI is singled out by 39% of the discount chains surveyed; 30.6% of the department stores. Another 30.6% of the department store buyers favored Sharp.

TI outclassed its competition on a number of merchandising fronts. Half of the buyers cited its co-op ad program, while 46.2% praised its consumer ad support. Profitability was deemed one of its strong suits by 43.8%. It also received extremely favorable recognition for its turnover, sell-through and packaging.

The picture was nowhere near so clear cut in department stores where competition was close in all criteria.

**Portable stereos:** GE's strong position in discount chain stores sets it apart from its competitors in this field.

Some 30% of the discounters have selected GE as their best brand. Sharing the remainder of the vote were five closely bunched companies: Sony and Panasonic, each with 15.5% share of the ballots; Sanyo, 13.8%; Emerson, 12.9%, and Grand Prix, 10.3%. Half of the pro-GE discounters were most impressed by the company's co-op advertising program. GE's good sell-through and profit margins were applauded by about a third of the retailers canvassed.

The choice is not so clear cut in department stores. Sony and Panasonic were each the choice of some 19.4% of the buyers, while Magnavox had 18.4% and GE 15.5% of the votes. Sanyo brought up the rear, selected by 4.9%.

**Batteries:** No contest. It is Duracell all the way with 79.4% share of the market. Running far behind in retailer estimation are Eveready with a 17.3% share and Kodak with 10.3%. Only executives for discount chains volunteered assessments of the battery industry's performance. □

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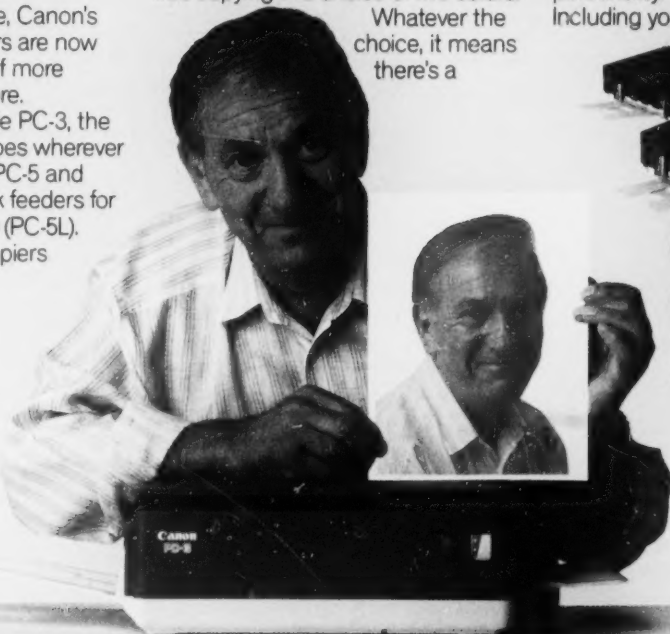
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## Retailers press for profits

**In this highly competitive field, good margins are still available in irons, cutlery and dinnerware.**



In a price sensitive industry such as housewares, retailers have a difficult time finding resources that meet their standards as far as profit margins, turns and sell-through are concerned. Most lines are not considered satisfactory in these respects by more than 20% of the buyers.

Still, there are exceptions. In irons, for example, Black & Decker profit margins enjoyed the support of 55% of the buyers; its turnover rate approval was even higher, 63%. In cutlery, Chicago Cutlery got high marks from 33% of the retailers for its line's turnover and sell-through. The king of clocks is Westclox whose margins score with 31% of the buyers; turnover, 36%;

and sell-through, 42%.

**Microwave cookware:** More aggressive cooperative and consumer ad support has given Corning Ware the edge over Rubbermaid this

year. Corning has supplanted Rubbermaid as the top microwave cookware resource garnering 27.5% of the votes of respondents. Rubbermaid's share is 19.3% while Anchor Hocking is third with 13.8%, down significantly from its take last year.

Both Rubbermaid and Corning have improved their status with retailers slightly in terms of profit margins and turnover.

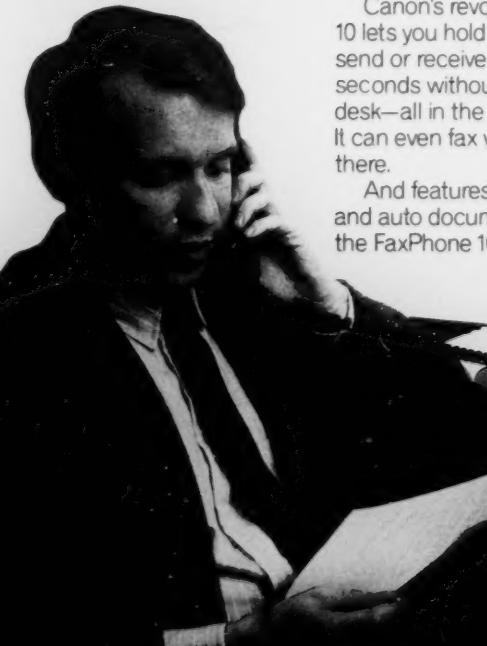
In 1986, Rubbermaid headed the



*Corning Ware edged out Rubbermaid in the microwave cookware category.*

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**Department stores: Buyers like Black & Decker margins**

| Brand                     | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Microwave cookware</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Corning                | 31.1%             | 50.0%          | 30.8%               | 25.0%     | 28.6%            | 23.1%               | 28.6%        | 46.2%     | 35.7%           | 30.8%         |
| 2. Rubbermaid             | 14.2              | 26.6           | 23.1                | 8.3       | 21.4             | 7.7                 | 14.3         | 7.7       | 14.3            | 15.4          |
| 3. Anchor Hocking         | 11.3              | 42.9           | 15.4                | —         | 21.4             | 7.7                 | 14.3         | 7.7       | 7.1             | 15.4          |
| <b>Metal cookware</b>     |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Revere                 | 39.4              | 71.4           | 28.6                | 50.0      | 35.7             | 30.8                | 50.0         | 42.9      | 35.7            | 42.9          |
| 2. Farberware             | 19.3              | 64.3           | 14.3                | 8.3       | 7.1              | 30.8                | 14.3         | 21.4      | 28.6            | 28.6          |
| 3. Wearever               | 11.0              | 28.6           | 14.3                | 8.3       | 14.3             | 15.4                | 14.3         | 7.1       | 7.1             | 7.1           |
| <b>Cutlery</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Chicago Cutlery        | 43.5              | 57.9           | 33.3                | 56.3      | 50.0             | 47.1                | 44.4         | 31.3      | 44.4            | 41.2          |
| 2. Washington Forge       | 7.2               | 26.3           | —                   | 6.3       | 11.1             | 11.8                | —            | 12.5      | 11.1            | 5.9           |
| 3. Henckels               | 5.8               | 10.5           | 5.6                 | 6.3       | 5.6              | 5.9                 | 5.6          | 6.3       | 5.6             | 5.9           |
| <b>Irons</b>              |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Black & Decker         | 62.2              | 81.3           | 66.7                | 69.2      | 60.0             | 53.3                | 60.0         | 62.5      | 57.1            | 68.8          |
| 2. Sunbeam                | 25.2              | 75.0           | 26.7                | 30.8      | 20.0             | 33.3                | 26.7         | 18.8      | 28.6            | 18.8          |
| 3. Hamilton Beach         | 8.4               | 25.0           | 13.3                | —         | 13.3             | —                   | 6.7          | 12.5      | 7.1             | 12.5          |
| <b>Dinnerware</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Pfaltzgraff            | 37.5              | 45.0           | 36.8                | 38.9      | 35.0             | 31.6                | 44.4         | 36.8      | 40.0            | 36.8          |
| 2. Noritake               | 23.0              | 40.0           | 26.3                | 27.8      | 20.0             | 21.1                | 27.8         | 21.1      | 15.0            | 26.3          |
| 3. Corning                | 9.9               | 15.0           | 5.3                 | 5.6       | 10.0             | 15.8                | 5.6          | 15.8      | 10.0            | 10.5          |
| <b>Food processors</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Hamilton Beach         | 33.7              | 58.3           | 36.4                | 18.2      | 36.4             | 27.3                | 33.3         | 41.7      | 41.7            | 33.3          |
| 2. Cuisinart              | 21.7              | 50.0           | 18.2                | 9.1       | 18.2             | 36.4                | 25.0         | 25.0      | 16.7            | 25.0          |
| 3. Sunbeam                | 16.3              | 66.7           | 9.1                 | 18.2      | 18.2             | 18.2                | 8.3          | 25.0      | 16.7            | 16.7          |
| <b>Clocks</b>             |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Westclox               | 15.4              | 30.0           | 20.0                | 11.1      | 10.0             | 11.1                | 20.0         | 20.0      | 20.0            | 10.0          |
| 2. Sunbeam                | 11.5              | 30.0           | —                   | 22.2      | 10.0             | 22.2                | 10.0         | 10.0      | 20.0            | —             |
| 3. Spartus                | 10.3              | 30.0           | 20.0                | —         | 20.0             | —                   | 10.0         | 10.0      | 10.0            | 10.0          |
| <b>Bathroom scales</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Counselor              | 36.4              | 40.0           | 33.3                | 37.5      | 42.9             | 37.5                | 37.5         | 33.3      | 33.3            | 37.5          |
| 2. Krups                  | 24.2              | 30.0           | 33.3                | 25.0      | —                | 37.5                | 12.5         | 33.3      | 33.3            | 12.5          |
| 3. Borg                   | 16.7              | 40.0           | 11.1                | 12.5      | 28.6             | —                   | 25.0         | 22.0      | 11.1            | 25.0          |
| <b>Glassware</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. J.G. Durand            | 33.9              | 56.3           | 37.5                | 38.5      | 33.3             | 26.7                | 40.0         | 33.3      | 25.0            | 37.5          |
| 2. Libbey                 | 25.6              | 43.8           | 25.0                | 23.1      | 26.7             | 26.7                | 26.7         | 26.7      | 25.0            | 25.0          |
| 3. Anchor Hocking         | 5.8               | 25.0           | 12.5                | —         | 6.7              | 6.7                 | —            | 6.7       | 6.3             | 6.3           |

Source: Chain Store Age/Leo J. Shapiro & Associates

list, favored by 26.3%. It was followed by Corning's 23.2% and Anchor Hocking's 20.6. Nordic, fourth both years, is losing share this year with 8.3% of the vote compared with 11.3% last year.

None of the lines in the survey were singularly popular because of their profit margins. Corning won approval from 21.4% of those canvassed, while 17.9% each cited Rubbermaid and Anchor Hocking, and 10.7% each Litton and Nordic Ware.

Discount stores rated overall performance of Rubbermaid and Corning equally well, with the two companies each capturing 24.1% of the votes. While Corning outscored Rubbermaid in advertising about 2 to 1, Rubbermaid came out on top in turnover rate, cited by 33.3% to Corning's 13.3% and Anchor Hocking's 20%. Anchor's and Nordic's strength lie in that their profit margins were rated

higher than either Rubbermaid and Corning, 20% to 13.3%.

Corning was favored over Rubbermaid in department stores by a 2 to 1 margin.

**Metal cookware:** Revere is maintaining its strong showing with 26.4% giving it a top performance rating (though down from 28.4% in 1986), followed by two companies who received no mentions last year: Wearever with 16% share and Farber with 14.2%. Mirro, second in 1986, is pulling in fourth this year.

Both Wearever and Mirro owe their solid position this year to their endorsement by 21.4% and 16.5%, respectively, of discount chains. Revere was selected by 12.6% of the mass merchants; Farber 8.7%. Enterprise also earned high marks from 16.5% of the discounters, largely because of its good profit margins and sell-through.

Wearever did particularly well on packaging and advertising, Mirro being its closest competitor in the latter area. Mirro's strength with discounters lie in its turnover, and respectable showing in profits, sell-through, and on-time delivery.

In department stores, Revere came through with top overall performance rating by 39.4% of the retailers. Farber was closest with 19.3%, and Mirro and Wearever with 11% each. Revere had a commanding lead in such critical areas as profit margins, co-op advertising, on-time delivery, sell-through and packaging.

**Cutlery:** Chicago Cutlery dominated a list of 11 producers mentioned by retailers. It captured 32.7% share of the votes, with the 10 others ranging in scope from Oneida's and Hoffritz's 2.8% each to Stanley Roberts' Rogers 10%.

### Discount chains: Black & Decker, Westclox win housewares approval

| Brand                     | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Microwave cookware</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Corning                | 24.1%             | 53.3%          | 13.3%               | 25.0%     | 13.3%            | 50.0%               | 26.7%        | 40.0%     | 15.4%           | 13.3%         |
| 2. Rubbermaid             | 24.1              | 46.7           | 13.3                | 16.7      | 26.7             | 16.7                | 33.3         | 20.0      | 30.8            | 33.3          |
| 3. Anchor Hocking         | 16.1              | 66.7           | 20.0                | 8.3       | 26.7             | 16.7                | 20.0         | —         | 15.4            | 20.0          |
| <b>Metal cookware</b>     |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Wearever               | 21.4              | 33.3           | 20.0                | 40.0      | 14.3             | 50.0                | 14.3         | 23.1      | 14.3            | 13.3          |
| 2. Mirro                  | 16.5              | 46.7           | 13.3                | 20.0      | 14.3             | 25.0                | 14.3         | 15.4      | 14.3            | 20.0          |
| 3. Enterprise             | 16.5              | 26.7           | 26.7                | 10.0      | 21.4             | —                   | 21.4         | 7.7       | 14.3            | 20.0          |
| <b>Cutlery</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Regent Sheffield       | 17.8              | 25.0           | 18.2                | 20.0      | 18.2             | 16.7                | 18.2         | 20.0      | 11.1            | 20.0          |
| 2. Imperial               | 12.3              | 25.0           | 9.1                 | 20.0      | 9.1              | —                   | 9.1          | 20.0      | 22.2            | 10.0          |
| 3. Chicago Cutlery        | 12.3              | 16.7           | 9.1                 | —         | 18.2             | 16.7                | 18.2         | —         | 11.1            | 20.0          |
| <b>Irons</b>              |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Black & Decker         | 60.6              | 85.7           | 42.9                | 72.7      | 42.9             | 83.3                | 50.0         | 84.6      | 58.3            | 57.1          |
| 2. Sunbeam                | 22.1              | 64.3           | 28.6                | 27.3      | 21.4             | 25.0                | 21.4         | 7.7       | 25.0            | 21.4          |
| 3. Proctor-Silex          | 12.5              | 71.4           | 14.3                | 9.1       | 35.7             | 16.7                | 14.3         | —         | —               | 7.1           |
| <b>Dinnerware</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Corning                | 57.7              | 58.3           | 45.5                | 62.5      | 60.0             | 62.5                | 54.5         | 63.6      | 62.5            | 54.5          |
| 2. Anchor Hocking         | 7.7               | 16.7           | 18.2                | 12.5      | —                | 12.5                | 9.1          | —         | —               | 9.1           |
| 3. Pfaltzgraff            | —                 | 8.3            | —                   | —         | —                | —                   | —            | —         | —               | —             |
| <b>Food processors</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Black & Decker         | 37.0              | 84.6           | 38.5                | 50.0      | 46.2             | 41.7                | 7.7          | 38.5      | 54.5            | 23.1          |
| 2. Sunbeam                | 27.0              | 76.9           | 15.4                | 25.0      | 15.4             | 50.0                | 30.8         | 38.5      | 18.2            | 23.1          |
| 3. Presto                 | 19.0              | 30.8           | 15.4                | 25.0      | 23.1             | 16.7                | 15.4         | 15.4      | 27.3            | 15.4          |
| <b>Clocks</b>             |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Westclox               | 60.3              | 77.8           | 44.4                | 71.4      | 77.8             | 62.5                | 66.7         | 33.3      | 62.5            | 66.7          |
| 2. Sunbeam                | 11.8              | 22.2           | 11.1                | 14.3      | 11.1             | 12.5                | 11.1         | 11.1      | 12.5            | 11.1          |
| 3. Spartus                | 10.3              | 55.6           | 11.1                | —         | 22.2             | —                   | —            | 22.2      | 12.5            | 11.1          |
| <b>Bathroom scales</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Borg                   | 20.2              | 41.7           | 16.7                | 22.2      | 27.3             | 18.2                | 16.7         | 25.0      | 20.0            | 16.7          |
| 2. Black & Decker         | 20.2              | 33.3           | 16.7                | 33.3      | 27.3             | 18.2                | 16.7         | 16.7      | 20.0            | 16.7          |
| 3. Counselor              | 16.9              | 25.0           | 16.7                | 11.1      | 18.2             | 18.2                | 16.7         | 16.7      | 20.0            | 16.7          |
| <b>Glassware</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Anchor Hocking         | 53.6              | 85.7           | 46.2                | 75.0      | 53.8             | 60.0                | 42.9         | 53.8      | 58.3            | 50.0          |
| 2. Libbey                 | 39.2              | 78.6           | 38.5                | 37.5      | 38.5             | 40.0                | 42.9         | 38.5      | 41.7            | 35.7          |
| 3. Indiana Glass          | 6.2               | 28.6           | 7.7                 | 12.5      | 7.7              | 10.0                | —            | 7.7       | 8.3             | —             |
| <b>Light bulbs</b>        |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Sylvania               | 44.8              | 66.7           | 44.4                | 57.1      | 44.4             | 28.6                | 33.3         | 55.6      | 50.0            | 44.4          |
| 2. GE                     | 34.3              | 66.7           | 33.3                | 28.6      | 33.3             | 57.1                | 33.3         | 33.3      | 25.0            | 33.3          |

Source: Chain Store Age/Leo J. Shapiro & Associates

Chicago Cutlery's major support comes from department stores, 43.5% of whom gave it a top performance rating. None of the other cutlery producers.

Its record with discount stores is considerably less impressive, with only 12.3% of them favoring Chicago Cutlery. More successful in the mass merchandising chains are Rogers, selected by 28.8%; Regent Sheffield, 17.8% and Imperial, also 12.3%.

**Irons:** Black & Decker's line was voted top performing iron by a whopping 61.4% of the retailers polled; Sunbeam, 23.8%. Proctor-Silex is a distant third with 8.1% of the votes. The Black & Decker figures this year equal the GE and B & D combined total last year. GE still gets 4.5% of the votes as does

Hamilton Beach.

Black & Decker's victory in irons is total. Some 60.1% of the discount stores say B & D irons are tops, while 62.2% of the department stores have the same opinion. As for Sunbeam, 22.1% of the discounters favor it; 25.2% of the department stores. Hamilton Beach made its most favorable showing among discount stores with 12.5% share of the votes, although only 8.4% of the department stores preferred the line.

Department stores are happier with B & D's profitability than are discounters. Some 66.7% of the department stores liked the line's margins, as opposed to 42.9% of the discounters. A sturdy 68.8% of the department stores also reported a good turnover rate in the line, as did

57.1% of the discounters.

Discounters are more enthusiastic about B & D's ad support. Some 72.7% speak highly of its co-op ad program, while 83.3% like its consumer ad support. In contrast, 69.2% of the department stores favored the co-op policy, while 53.3% cited its consumer advertising.

**Glassware:** The top four glassware suppliers remain unchanged this year. No. 1 Libbey, however, seems to be losing ground slightly to No. 2 and 3, Anchor Hocking and J. G. Durand, respectively. At the same time, Indiana Glass is holding in the fourth spot, but with fewer mentions than last year.

Libbey is runner-up vote getter in both department store and discount store segments, but its com-

bined total was enough to give it its No. 1 position. Durand outpolls it in department stores 33.9% to 25.6% while Anchor betters it in discount stores 53.6% to 39.2%.

Although the survey shows that discounters enjoy equally good sell-through on Libbey and Anchor Hocking, Anchor was voted more profitable by 46.2% of the respondents, compared to Libbey's 38.5%.

The largest number of department stores (37.5%) find Durand more profitable than they do either Libbey (25%) or Anchor Hocking (12.5%). Durand's good turnover was cited by 37.5% of the department store buyers; Libbey, 25%.

**Food processors:** Despite the success of its Oskar compact units, Sunbeam is losing ground to other producers.

Sunbeam dropped to third in the food processor sweepstakes, behind Black & Decker and Hamilton Beach, each favored by 23.4%. Sunbeam's current performance (21.9% approval) stands in sharp contrast to 1986 when it was the favorite of 33.8% of the buyers.

Probably the most dramatic indication of the inroads being made by new compact food processor lines is the first time presence of Presto on the list. It is mentioned by 13.5% of the respondents this year. Hamilton Beach's climb from 10.8% of the mentions last year to 23.4% this year can also be attributed to its Emmie unit.

Although B & D and Sunbeam are the key lines in discount stores, Hamilton Beach, Presto and West Bend—all with compact units—are making a favorable showing in these outlets this year, garnering 14%, 19% and 10% of the votes respectively. B & D and Sunbeam are tops with 37% and 27% of the discounters canvassed.

With few exceptions, the discount chain buyers are finding all lines reasonably profitable.

Food processors favored by department stores were not as extensive. Only Sunbeam, Hamilton Beach and Cuisinarts received acclamation from these buyers in any number, 16.3%, 33.7% and 21.7%, respectively.

Although trailing Hamilton Beach in the overall performance ratings there, Cuisinarts gets its strongest support from department store buyers. Indeed, 50% of department stores executives polled say the line comes immediately to

mind when they think of food processors, given a top ranking by 21.7% of the buyers. In contrast, only 7.7% of the discounters mentioned the line.

Cuisinarts has been generating satisfactory profit margins for 18.2% of the department store buyers. In contrast, some 36.4% of the retailers canvassed were happy with Hamilton Beach's margins. Sunbeam drew

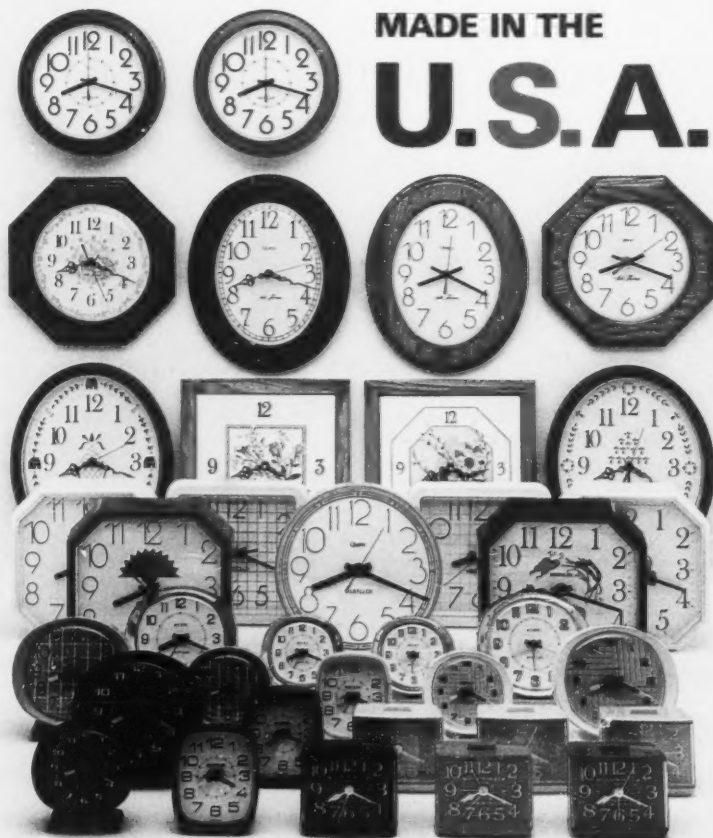
raves from only 9.1%.

Cuisinarts fared better on turnover rate and sell-through, cited on these counts by 25% of the department store buyers, as opposed to 33.3% each for Hamilton Beach, and 18.2% and 8.3% respectively for Sunbeam.

**Clocks:** Thanks to its success with discount buyers, Westclox has emerged as the top clock resource

# Westclox *Seth Thomas*

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for retailers. Just over 60% of the discount stores polled said Westclox was their top line. Its nearest competition in rating overall performance was from Sunbeam, cited by 11.8% of the buyers, and Spartus, by 10.3%.

In department stores, the picture was not as clear cut. Three firms—Spartus, New Haven, and Linden—were each mentioned by 10.3% of the buyers, while Sunbeam was cited by 11.5%, and Westclox, 15%.

**Light bulbs:** Discount chains gave Sylvania the edge over GE in their resource ratings, 44.8% to 34.3%. Sylvania bested GE on the profitability, turnover, and on-time delivery with 44.4% percent of the buyers citing Sylvania and 33.3% GE.

**Bathroom scales:** Strong showings made by both Counselor and Borg can be attributed to their wide acceptance by both discounters and department stores.

Counselor is favored by 36.4% of the department stores; 16.9% of the mass merchants. By the same token, Borg is the pick of 20.2% of the mass merchants; 16.7% of the department stores. In other lines, Black & Decker did well in discount stores only (no department store mentioned it) with 20.2% of the vote, while Krups was highly regarded by department stores, 24.2%.

Department stores favored Counselor and Krups because of their profitability. Both companies also scored high with department stores when it came to co-op and consumer advertising and packaging.

**Dinnerware:** Corning Ware completely dominated the very limited dinnerware resources evaluated by mass merchants.

One of only 3 suppliers ranked in the CSA study by mass merchants, Corning was mentioned by 58.3% of the buyers, while Anchor was cited by 16.7% and Pfaltzgraff, 8.3%. Corning was given an overall top performance rating by 57.7%, Anchor by 7.7%.

Corning did not fare as well in department stores with only 9.9% of the buyers giving it a favorable rating. It was eclipsed by Pfaltzgraff with 37.5% of the votes and Noritake, 23%. Lenox, Mikasa and International China were selected by 4.6%, 2% and 5.3% respectively.

Department stores particularly cited the profit margins, turnover and sell-through the Pfaltzgraff and Noritake lines offer. □

## Repeat performances for textiles

The top resources remain constant. Their ranking may vary depending on discount store acceptance.



As one of the most stable categories, textile resources showed little change.



In terms of resources, home textiles is probably the most stable of all industries tracked in the CSA study.

Top contenders such as Cannon and Kirsch are repeat performers in their respective categories, sheets/pillow cases and drapery hardware. In electric blankets, 1986's top four reappear this year with a slight switch in order: Sunbeam's Northern Electric and Fieldcrest exchanged places.

**Sheets/Pillowcases:** Cannon dominated a list of 13 suppliers who were cited by retailers in the CSA study as key resources in the category.

Not only did Cannon get most mentions, but it was also voted top performer by 40.3% of the buyers. It was followed by Fieldcrest with a favorable rating by 20.4% of the retailers; and Springs/Springmaid 18.6%.

Cannon's position is even more impressive when considered that its share of the vote this year is 13% higher than last year, while Fieldcrest held even at 20.4%. This year Thomaston Mills replaced Wamsutta as No. 4 source with an 8.8% approval rating.

Although it was selected by 29.5% of the department store buyers, Cannon's strength was particularly noticeable in the discount chains, where its performance was cited by 52.9% of the buyers. No other line garnered more than Thomaston Mills' 8.7% of the vote. Cannon's co-op advertising and consumer ad support scored big with 70% and 76.9% of the respondents. They were less enamored with profits (noted by 28.6%), turnover rate and sell-through (46.7%).

Fieldcrest topped Cannon in the department store ranks, earning approval from 37.7% of the retailers canvassed. Springs/Springmaid gave Cannon's 29.5% share a close run, taking 27.9% of the vote.

What points Fieldcrest lost to Cannon in on-time delivery, consumer ad support, and sales and service, Fieldcrest made up in profit margins, co-op advertising, packaging, sell-through and turnover. Fieldcrest's turnover rate, for example, was applauded by half of the retailers, while Cannon's was praised by 12.5%. Even Springs/Springmaid topped Cannon in some criteria, notably profit margins, turnover, sell-through and packaging.

**Department stores: Fieldcrest, Kirsch dominate textiles voting**

| Brand                     | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Sheets/pillowcases</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fieldcrest             | 37.7%             | 63.2%          | 47.1%               | 53.8%     | 15.4%            | 33.3%               | 40.0%        | 37.5%     | 21.4%           | 50.0%         |
| 2. Cannon                 | 29.5              | 52.6           | 23.5                | 38.5      | 38.5             | 38.9                | 20.0         | 25.0      | 42.9            | 12.5          |
| 3. Springs/Springmaid     | 27.9              | 47.4           | 29.4                | 23.1      | 23.1             | 11.1                | 33.3         | 37.5      | 28.6            | 37.5          |
| <b>Electric blankets</b>  |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fieldcrest             | 52.9              | 68.8           | 56.3                | 57.1      | 50.0             | 46.7                | 53.3         | 62.5      | 42.9            | 53.3          |
| 2. Northern               | 38.7              | 68.8           | 31.3                | 35.7      | 35.3             | 40.0                | 33.3         | 50.1      | 50.0            | 33.3          |
| 3. Springs/Springmaid     | 6.7               | 6.3            | 6.3                 | 7.1       | 7.1              | 6.7                 | 6.7          | 6.3       | 7.1             | 6.7           |
| <b>Drapes/curtains</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Burlington             | 29.2              | 50.0           | 31.3                | 20.0      | 26.7             | 29.4                | 37.5         | 23.1      | 29.4            | 31.3          |
| 2. Crocilli               | 22.5              | 44.4           | 25.0                | 40.0      | 6.7              | 23.5                | 18.8         | 23.1      | 29.4            | 18.8          |
| 3. Ronnie                 | 4.2               | 5.6            | 6.3                 | —         | 6.7              | —                   | 6.3          | 7.7       | —               | 6.3           |
| <b>Drapery hardware</b>   |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Kirsch                 | 61.0              | 64.7           | 56.3                | 61.5      | 62.5             | 62.5                | 62.5         | 62.5      | 60.0            | 60.0          |
| 2. Graber                 | 23.6              | 35.3           | 25.0                | 23.1      | 25.0             | 18.8                | 18.8         | 25.0      | 20.0            | 33.3          |
| 3. Newell                 | 6.5               | 5.9            | 6.3                 | 7.7       | 6.3              | 6.3                 | 6.3          | 6.3       | 6.7             | 6.7           |

Source: Chain Store Age/Leo J. Shapiro & Associates

**Discount chains: Cannon, Northern score highest textiles ratings**

| Brand                     | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Sheets/pillowcases</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Cannon                 | 52.9%             | 70.6%          | 28.6%               | 70.0%     | 30.8%            | 76.9%               | 46.7%        | 61.5%     | 69.2%           | 46.2%         |
| 2. Thomaston              | 8.7               | 17.6           | 14.3                | —         | 15.4             | —                   | 6.7          | 7.7       | 7.7             | 15.4          |
| 3. Springs/Springmaid     | 7.7               | 29.4           | 14.3                | —         | 7.7              | 7.7                 | 13.3         | —         | 7.7             | 7.7           |
| <b>Electric blankets</b>  |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Northern               | 67.0              | 93.4           | 66.6                | 66.7      | 64.3             | 66.7                | 71.5         | 66.7      | 69.3            | 64.3          |
| 2. Fieldcrest             | 14.7              | 13.3           | 13.3                | 16.7      | 14.3             | 16.7                | 14.3         | 13.3      | 15.4            | 14.3          |
| 3. St. Mary's             | 12.8              | 20.0           | 13.3                | 8.3       | 14.3             | 8.3                 | 14.3         | 13.3      | 15.4            | 14.3          |
| <b>Drapes/curtains</b>    |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Lichtenburg            | 20.9              | 41.7           | 25.0                | 20.0      | 25.0             | 20.0                | 16.7         | 9.1       | 25.0            | 25.0          |
| 2. Corona                 | 15.4              | 33.3           | 16.7                | 20.0      | 16.7             | 10.0                | 16.7         | 9.1       | 16.7            | 16.7          |
| 3. Burlington             | 8.8               | 25.0           | 8.3                 | 20.0      | —                | 30.0                | —            | 9.1       | 8.3             | —             |
| <b>Drapery hardware</b>   |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Newell                 | 46.7              | 71.4           | 42.9                | 41.7      | 50.0             | 50.0                | 42.9         | 42.9      | 57.1            | 46.2          |
| 2. Kirsch                 | 22.4              | 35.7           | 21.4                | 25.0      | 21.4             | 25.0                | 21.4         | 21.4      | 28.6            | 15.4          |
| 3. Kenney                 | 14.0              | 28.6           | 14.3                | 16.7      | 14.3             | 8.3                 | 14.3         | 14.3      | 14.3            | 15.4          |

Source: Chain Store Age/Leo J. Shapiro & Associates

**Electric blankets:** Despite its dominant position on the department store scene, Fieldcrest dropped to second place (behind Northern) in retailer evaluation of their top resources. Northern garnered 52.2% of the votes, up from 43.8% last year, while Fieldcrest received 34.6% of the votes down from 35.9% last year.

While Fieldcrest was selected top performer by 52.9% of the department store buyers, Northern pulled a 66% share in discount chains. Fieldcrest was third with 14.7% and St. Mary's fourth with 12.8%. Retailer approval of Northern's co-op and consumer ad support (50% and 41.7%), along with its profit margin (53.3%), turnover and sell-through (42.9%) gave the company a big leg up over its

competition in discount stores.

Similarly, Fieldcrest benefitted from a 53.6% department store approval of its profit margins; 57.1% of its co-op advertising; 53.3%, sell-through; and 62.5%, packaging. In most criteria, Fieldcrest outpolled its nearest competition by a 2 to 1 margin.

**Drapery Hardware:** Honored recently by Sears as one of its top resources of 1986, Graber Industries ranks third behind Kirsch and Newell in retailer assessment of overall performance of drapery hardware producers.

Graber, however, has increased its share of the retailer vote this year to 16.1% from 12% in 1986. Meanwhile Kirsch and Newell maintained their one-two position

with 43% and 25.2% respectively, although the gap between them is shrinking rapidly, from 31 points last year to 18 this year.

Newell's improved second place showing can be largely attributed to its popularity in the discount store ranks, where nearly half (46.7%) of the buyers acclaimed it. Kirsch, on the other hand, earned approval from 22.4% of the discount respondents, while Kenney captured 14% of the vote. Between 40% and 50% of the buyers gave top marks to Newell on 7 of the 8 criteria. It achieved 57.1% on the eighth, sales and service.

Kirsch is making its mark on the department stores, garnering the 61% of the votes there, compared to 23.6% for Graber and 6.5% for New-

ell. Kenney is proving to be no factor.

**Drapes/curtains:** In no other home furnishings category is the absence of direct competition between department stores and discount chains so noticeable. Discount stores concentrate on two lines—Lichtenburg and Corona—while department stores spotlight Croscill and Burlington. They do not mention Corona. Lichtenburg rates with less than 1% of the stores. Discount chains, on the other hand, do not mention Croscill, while only 8.8% rate Burlington as one of their top sources.

In discount stores, Lichtenburg was tapped by 20.9% of the buyers; Corona by 15.4%. As for department stores, Burlington commanded 29.2% of the voting; Croscill, 22.5%. Interestingly enough, "other" in the list of suppliers received more mentions from both department stores and discount chains than any of the

manufacturers listed.

At the department store level, Burlington did well because of the profit margins (31.3%), turnover (31.3%), sell-through (37.5%) and on-time delivery (26.7%). Croscill outscored other lines on all criteria, but bested Burlington only when it comes to cooperative advertising, 40% to 20%.

Discount stores appeared less than enthusiastic about the classification's potential for profitability, turnover and sell-through.

Only 16.7% of the mass merchants polled rated Corona high on profit margins, turnover, sell-through, and sales and service. Lichtenburg fared a bit better. Some 25% of the buyers gave it good marks for profitability, turnover, on-time delivery, and sales and service. In other criteria, the lines ran virtually neck-and-neck in retailer evaluation. □

turnover, on-time delivery, and sell-through.

Hasbro's strong showing in the discount store ranks provided its margin over Mattel. Some 52.3% of the discounters favored the line compared to 39.1% of the department stores. Mattel was endorsed by 35.2% of the discounters; 47% of the department stores.

Both Hasbro's profit margins and turnover rate were acclaimed by about 71% of the discounters. By the same token, Mattel scored well on profitability and turns.

While department stores favor Mattel on such issues as co-op and consumer advertising and on-time delivery, they went with Hasbro on sell-through.

**Plush toys:** From low on the list last year, Dakin has climbed to the top of favored plush toy resources for retailers. Its 15.1% of the vote pushed it ahead of Gund, last year's champ, applauded by 10.4%. Gund's fall from grace can be attributed to the sharp decline in number of retailers, who are finding the line's profit margins, sell-through, and turnover to their liking this year. Gund, it should be noted, is predominantly a department store resource.

In contrast, more than double the number of buyers this year are voicing approval of the Dakin line's profitability, turnover rate, sell-through, and on-time delivery.

Dakin's surge to the top is explained by the line's growing acceptance in discount chains. Last year,

## No playing around in toys

**Fisher-Price the most solid performer, places high in 5 out of 7 categories. Mattel and Hasbro in split decision.**



It is hard to find a more versatile manufacturer in the toy ranks than Fisher-Price.

The company not only is considered by many retailers as the No. 1 supplier of preschool and educational toys, but is also a key player in the action figures and plush toy arenas. In other toy classifications, too, a single producer dominates the field: Lego, construction toys; Milton Bradley, activity sets; and Tonka, cars/trucks. Only in action figures and plush toys are there more than one producer battling for significant market share. Here is how retailers view the toy supply scene.

**Action figures:** Hasbro is maintaining its grip on first place in this toy area. Assessments of the action figures market by merchants, however, indicate it has lost some of its luster this year.

This year's runner-up Mattel, for instance, has narrowed the gap considerably, improving its rating from 37.8% of the votes last year to 40.3% this year.

Higher grades this year from retailers in two important areas—

profit margins and turns—has enabled Mattel to draw close to Hasbro's 46.1% approval rating, down from 58.3% in 1986. Hasbro's drop, on the other hand this year year can be traced to its slippage in five of the eight criteria: co-op advertising, consumer advertising support,



*In the preschool category, Fisher-Price won its position hands down.*



## Department stores: Buyers stick with basic toy suppliers

| Brand                         | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|-------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Action figures</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Mattel                     | 47.0%             | 81.3%          | 30.8%               | 64.3%     | 50.0%            | 50.0%               | 26.7%        | 46.7%     | 66.7%           | 40.0%         |
| 2. Hasbro                     | 39.1              | 75.0           | 46.2                | 28.6      | 35.7             | 42.9                | 48.7         | 46.7      | 26.7            | 40.0          |
| 3. Fisher-Price               | 7.0               | 18.8           | 7.7                 | 7.1       | 7.1              | 7.1                 | 6.7          | 6.7       | 6.7             | 6.7           |
| Tonka                         | 7.0               | 18.8           | 15.4                | 7.1       | 7.1              | 7.1                 | 6.7          | 6.7       | —               | 6.7           |
| <b>Plush toys</b>             |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Gund                       | 22.7              | 40.0           | 30.8                | 27.3      | 23.1             | 28.6                | 15.4         | 12.5      | 23.1            | 16.7          |
| 2. Dakin                      | 13.4              | 20.0           | 15.4                | 9.1       | 15.4             | 14.3                | 15.4         | 12.5      | 15.4            | 8.3           |
| 3. Russ-Berrie                | 12.4              | 13.3           | 15.4                | 18.2      | 7.7              | 14.3                | 7.7          | —         | 15.4            | 16.7          |
| <b>Construction toys</b>      |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Lego                       | 40.8              | 80.0           | 50.0                | 25.0      | 44.4             | 30.0                | 50.0         | 50.0      | 33.3            | 40.0          |
| 2. Fisher-Price               | 21.1              | 40.0           | 20.0                | 37.5      | 22.2             | 30.0                | 10.0         | 20.0      | 22.2            | 10.0          |
| 3. Tonka                      | 17.1              | 20.0           | 20.0                | 12.5      | 22.2             | 20.0                | 20.0         | 20.0      | 11.1            | 10.0          |
| <b>Activity sets</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Milton Bradley             | 49.5              | 78.6           | 61.5                | 33.3      | 50.0             | 46.2                | 50.0         | 50.0      | 46.2            | 57.1          |
| 2. Fisher-Price               | 9.3               | 35.7           | 15.4                | 16.7      | —                | 7.7                 | 7.1          | 7.1       | 15.4            | 7.1           |
| 3. Mattel                     | 7.5               | 14.3           | 7.7                 | 8.3       | 7.1              | 7.7                 | 7.1          | 7.1       | 7.7             | 7.1           |
| Whitman                       | 7.5               | 14.3           | 15.4                | 8.3       | 7.1              | —                   | 7.1          | 7.1       | 7.7             | 7.1           |
| <b>Cars/trucks</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Tonka                      | 38.0              | 76.9           | 30.8                | 41.7      | 25.0             | 50.0                | 46.2         | 53.8      | 41.7            | 15.4          |
| 2. Mattel                     | 21.0              | 38.5           | 15.4                | 25.0      | 33.3             | 25.0                | 7.7          | 7.7       | 25.0            | 30.8          |
| 3. Nylint                     | 8.0               | 23.1           | 7.7                 | 8.3       | 8.3              | 8.3                 | 7.7          | 7.7       | 8.3             | 7.7           |
| <b>Educational games/toys</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fisher-Price               | 31.9              | 66.7           | 33.3                | 28.6      | 28.6             | 28.6                | 33.3         | 35.7      | 38.5            | 28.6          |
| 2. Milton Bradley             | 23.9              | 33.3           | 26.7                | 28.6      | 28.6             | 21.4                | 20.0         | 21.4      | 15.4            | 28.6          |
| 3. Playskool                  | 9.7               | 40.0           | —                   | 21.4      | 7.1              | 21.4                | 6.7          | —         | 15.4            | 7.1           |
| <b>Preschool toys</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fisher-Price               | 60.7              | 92.9           | 38.5                | 66.7      | 57.1             | 76.9                | 64.3         | 64.3      | 50.0            | 69.2          |
| 2. Playskool                  | 25.2              | 64.3           | 46.2                | 8.3       | 28.6             | 15.4                | 21.4         | 28.6      | 28.6            | 23.1          |
| 3. Tonka                      | 7.5               | 7.1            | 7.7                 | 8.3       | 7.1              | 7.7                 | 7.1          | 7.1       | 7.1             | 7.7           |

Source: Chain Store Age/Leo J. Shapiro &amp; Associates

it was mentioned by only 1.3% of the mass merchants; this year the figure is 27.8%. Gund, on the other hand, was also mentioned by 1.3% of the discounters last year; 11.1% this year.

Gund was the choice of 22.7% of the department stores canvassed. Dakin followed with 13.4% approval rate, followed by Russ-Berrie, 12.4%. In discount chains, 16.5% of the respondents cited Dakin for its overall performance, while 13% like Cuddlewitt; 11.3% Fisher-Price; and 10.4%, Mattel.

**Construction Toys:** While Lego has a long lead in retail preference for construction toys, the race for runner-up positions is close. Fisher-Price, Tonka and Tyco received votes of 16.9%, 14.9% and 14.3%, respectively. Lego is favored by 41.1%.

In discount chains, Tonka, Tyco and Fisher-Price are each favored by 13.1% of the buyers; Lego, 41.4%.

Tyco and Fisher-Price have a better performance rating in department stores than they do in discount chains. Fisher-Price, for example,

has the approval of 21.1% of those buyers; Tyco, 15.8%.

**Activity sets:** Milton Bradley walked off with top honors in this category with nearly half, more specifically 48.9%, of the votes of retailers. Its nearest competitor in the rating was Parker Bros. with 10.8%.

Milton Bradley proves that a line can be equally successful with discount stores and department stores alike. It was voted tops by 48.9% of the discount community; 49.5%, department stores. While many lines shared the remaining half of the pie in department stores, Parker Bros. and Pressman dominated in discount stores.

**Cars/Trucks:** Tonka may not be the most profitable of the 12 sources mentioned, but buyer votes indicate that this lack is more than offset by the line's good turnover rate and sell-through, as well as the company's liberal advertising programs. Slightly more than half of the respondents applaud its packaging. As a result Tonka captured 41.3% of the vote for top resource in the category.

Nylint, however, takes the profitability honors, cited by 22.6% of the buyers. This compares to 19.4% for Tonka. This helped Nylint take second spot in retailer assessment with 15.7%. Mattel was third with 11.6%.

Discount chains were considerably more enthusiastic than department stores about Nylint's profit margins, which were singled out by 33% of the mass merchants. Some 30% of the department stores say Tonka margins are best, while only 7.7% favored Nylint margins.

**Educational Games/Toys:** Fisher-Price is the favorite here with both department store and discount chain buyers. It far outperforms its 12 competitors on all criteria in the study. Thus, in the overall, it has been voted top resource by 34.1% of the buyers.

Milton Bradley, based on its good showing in department stores (23.9% of the buyers voted for it), was second with 14%. By the same token, Playskool's performance in discount houses (11.2%) earned it second place with 10.5% of the

### Discount chains: Fisher-Price, Hasbro earn high marks

| Brand                         | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|-------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Action figures</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Hasbro                     | 52.3%             | 83.3%          | 71.4%               | 50.0%     | 42.9%            | 50.0%               | 56.3%        | 52.9%     | 27.8%           | 70.6%         |
| 2. Mattel                     | 35.2              | 77.8           | 28.6                | 25.0      | 28.6             | 43.8                | 25.0         | 47.1      | 55.6            | 23.5          |
| 3. Tonka                      | 5.5               | 16.7           | 7.1                 | 6.3       | 7.1              | —                   | 6.3          | —         | 11.1            | 5.9           |
| <b>Plush toys</b>             |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Dakin                      | 16.5              | 27.8           | 13.3                | 12.5      | 18.8             | 15.4                | 18.8         | 14.3      | 17.6            | 18.8          |
| 2. Cuddlewit                  | 13.0              | 22.2           | 13.3                | 12.5      | 12.5             | 7.7                 | 18.8         | 7.1       | 11.8            | 18.8          |
| 3. Fisher-Price               | 11.3              | 16.7           | 6.7                 | 12.5      | 12.5             | 15.4                | 6.3          | 21.4      | 11.8            | 6.3           |
| <b>Construction toys</b>      |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Lego                       | 41.4              | 69.2           | 38.5                | 30.8      | 50.0             | 38.5                | 50.0         | 38.5      | 36.4            | 50.0          |
| 2. Tyco                       | 13.1              | 53.8           | 15.4                | 15.4      | 8.3              | 15.4                | 8.3          | 23.1      | 9.1             | 8.3           |
| 3. Fisher-Price               | 13.1              | 38.5           | 7.7                 | 15.4      | 16.7             | 7.7                 | 16.7         | 15.4      | 9.1             | 16.7          |
| <b>Activity sets</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Milton Bradley             | 48.4              | 81.3           | 25.0                | 35.7      | 37.5             | 64.3                | 56.3         | 50.0      | 56.3            | 62.5          |
| 2. Parker Brothers            | 16.1              | 75.0           | 18.8                | 28.6      | 12.5             | 14.3                | 12.5         | 25.0      | 12.5            | 6.3           |
| 3. Pressman                   | 11.3              | 37.5           | 25.0                | 14.3      | 12.5             | —                   | 12.5         | 6.3       | 6.3             | 12.5          |
| <b>Cars/trucks</b>            |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Tonka                      | 43.7              | 83.3           | 11.1                | 58.8      | 33.3             | 72.5                | 44.4         | 50.0      | 35.3            | 44.4          |
| 2. Nylint                     | 21.1              | 55.6           | 33.3                | 5.9       | 27.8             | 11.1                | 16.7         | 27.8      | 29.4            | 16.7          |
| 3. Buddy L                    | 7.7               | 27.8           | 5.6                 | 5.9       | 5.6              | 5.6                 | 11.1         | 11.1      | 11.8            | 5.6           |
| <b>Educational games toys</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fisher-Price               | 36.2              | 60.0           | 35.7                | 38.5      | 40.0             | 42.9                | 33.3         | 40.0      | 33.3            | 26.7          |
| 2. Playskool toys             | 11.2              | 53.3           | 14.3                | 23.1      | 13.3             | 7.1                 | 6.7          | 6.7       | 13.3            | 6.7           |
| 3. Texas Instruments          | 11.2              | 20.0           | 7.1                 | 7.7       | 13.3             | 14.3                | 13.3         | 13.3      | 6.7             | 13.3          |
| <b>Preschool toys</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Fisher-Price               | 74.5              | 94.4           | 50.0                | 81.3      | 70.6             | 88.9                | 77.8         | 83.3      | 72.2            | 72.2          |
| 2. Playskool                  | 26.2              | 94.4           | 33.3                | 25.0      | 29.4             | 16.7                | 22.2         | 27.8      | 27.8            | 27.8          |
| 3. Whitman                    | 3.5               | 5.6            | 5.6                 | —         | 5.9              | —                   | 5.6          | —         | 5.6             | 5.6           |

Source: Chain Store Age/Leo J. Shapiro & Associates

votes. Texas Instruments did well in both channels of distribution for a fourth place finish with 9.2%.

On the overall basis Milton Bradley stood on even footing with Fisher-Price in co-op advertising, turnover rate, and on-time delivery with 28.6% of the vote. Fisher-Price forged ahead of Milton Bradley, however, on such key criteria as profit margins (33.3% to 26.7%); consumer ad support (28.6% to 21.4%); sell-through (23.3% to 20%); and packaging (35.7% to 21.4%).

**Preschool Toys:** Between them, Fisher-Price and Playskool received over 90% of the votes cast by retailers for top resources in this category. The ballots were split 68.5% for Fisher-Price; 25.8% for Playskool. No other supplier received the nod from more than 3.2%.

Despite Fisher-Price's lower profit margins, 60.7% of the department stores were happy enough with its far superior performance in other criteria to give it a top overall rating.

Fisher-Price's edge was even larger in discount chains where it garnered 74.5% of the vote. □

## Canon zooms in on Minolta

**Canon's EOS is proving quite the foe for Minolta's Maxxum, outranking Minolta in both store formats.**



A battle between Minolta and Canon for the hearts of retailers is highlighting the photo/camera segment of CSA's Top Resources Study.

With the help of its 3-unit Maxxum auto-focus line, Minolta tied Canon for leadership in the 35mm SLR field last year, each earning a top overall performance rating from 36.1% of the retailers polled.

Within the past year, however, Canon has countered with a competing EOS model that some in the industry feel was responsible for propelling it to the No. 1 position in the field. This year Canon is favored by 42% of the retailers; Minolta, 22.1%.

Whether because of product or policy change, Canon has made dramatic inroads in the department

store field, garnering 51.9% of this vote compared to 22.8% last year. Minolta on the other hand slipped to 25.5% of buyer approval from 50.9% last year. Discount store interest in both lines has waned, down 15% for Canon, and 5% for Minolta.

But probably the key reason for the retailers' change of heart is the profitability issue. Some 8% of the retailers polled in 1987 were satisfied with Minolta margins, compared with 38.1% in 1986. At the same time, the approval rate for Canon climbed to 33.3% of the respondents from 23.8% in 1986.

Pentax's rise in retailer estimation—it was favored by 8% for a close to the top finish—reflects the company's stepped up efforts to woo discount chains.

In other photo/camera categories included in the CSA study, the shifts in importance are less dramatic.

**Binoculars:** Here, two companies, Bushnell and Tasco, maintained their one-two position. While Bushnell got the overall performance nod from 44.4% of the respondents, virtually the same as in 1986, Tasco gained a sizeable share of the vote, climbing to challenge Bushnell with 42.2% from 35.6% in 1986. Jason moved into third with 9.6%, followed by Nikon with 5.9%.

Bushnell's position was strongest in discount chains, where it was selected by 52.8% of the vote, largely on its advertising policies, and packaging. Tasco came through with a second place finish with a 28.3% approval based largely on sell-through and turnover rate. Nikon was third with 11.3% of the discount chain votes.

The positions were reversed in the department store field, where Tasco earned approval of 51.2% of those polled, and Bushnell 39%. Here Jason was third with 11%.

Some 64.6% of the buyers were pleased with Tasco's profit margins, compared to 36.4% for Bushnell. Tasco also scored higher on sell-through, 54.6% to 36.4% for Bushnell. The turnover rate for each line was cited by 45.5% of the retailers. Jason only came close to the leaders on one criteria, co-op advertising. The firm's policy was approved by 22.2% of the retailers, the same percentage that favored Bushnell. Tasco was high here with 55.6% of the vote.

**35mm lens shutter:** Here again, Canon and Minolta are battling for retailer allegiance, with Kodak pos-

ing a strong challenge.

Indeed, Kodak's re-entry into the field last year has brought about a realignment in the top sources rank. Success of its model pushed Kodak into second spot behind Canon, and dropped Minolta to third. Both Canon and Kodak improved their rating. Canon's share climbed to 35.9% this year from 29.7% last year. By the same token, Kodak is favored by 28.1%, up from 15.2% in 1986. At the same time, Minolta's share dropped from 26.1% in 1986 to 12.6% this year.

Again profitability is Minolta's Achilles' heel. In the 1987 study, not one buyer thought of Minolta in terms of profits. Canon, Kodak and Nikon, however, received high marks here from 26.3%, 15.8%, and

### Department stores: Canon, Minolta battle for first

| Brand                           | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>35mm SLR's</b>               |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Canon                        | 51.9%             | 78.6%          | 45.5%               | 58.3%     | 50.0%            | 64.3%               | 42.9%        | 50.0%     | 46.2%           | 57.1%         |
| 2. Minolta                      | 25.5              | 64.3           | —                   | 16.7      | 35.7             | 14.3                | 35.7         | 28.6      | 38.5            | 28.6          |
| 3. Kodak                        | 17.0              | 28.6           | 18.2                | 6.3       | 21.4             | 21.4                | 14.3         | 21.4      | 15.4            | 14.3          |
| <b>35mm lens shutter camera</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Canon                        | 48.2              | 72.7           | 30.0                | 50.0      | 63.6             | 50.0                | 45.5         | 63.6      | 36.4            | 45.5          |
| 2. Minolta                      | 18.8              | 45.5           | —                   | 20.0      | 18.2             | 10.0                | 27.3         | 18.2      | 27.3            | 27.3          |
| 3. Kodak                        | 16.5              | 27.3           | 10.0                | 20.0      | 18.2             | 10.0                | 18.2         | 18.2      | 18.2            | 18.2          |
| <b>Binoculars</b>               |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Tasco                        | 51.2              | 63.6           | 64.6                | 55.6      | 50.0             | 40.0                | 54.6         | 45.5      | 66.7            | 45.5          |
| 2. Bushnell                     | 39.0              | 81.8           | 36.4                | 22.2      | 40.0             | 60.0                | 36.4         | 45.5      | 22.2            | 45.5          |
| 3. Jason                        | 11.0              | 27.3           | 9.1                 | 22.2      | 10.0             | —                   | 9.1          | 9.1       | 11.1            | 18.2          |
| <b>Film</b>                     |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Kodak                        | 90.3              | 100.0          | 83.3                | 76.9      | 80.0             | 100.0               | 100.0        | 93.3      | 85.7            | 100.0         |
| 2. Fuji                         | 7.1               | 73.3           | 8.3                 | 23.1      | 13.3             | —                   | —            | 6.7       | 7.1             | —             |

Source: Chain Store Age/Leo J. Shapiro & Associates

### Discount chains: Kodak stars in key categories

| Brand                           | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|---------------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>35mm SLR's</b>               |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Kodak                        | 39.6%             | 50.0%          | 33.3%               | 38.5%     | 46.2%            | 42.9%               | 35.7%        | 46.2%     | 42.9%           | 30.8%         |
| 2. Canon                        | 32.1              | 71.4           | 33.3                | 30.8      | 38.5             | 28.6                | 35.7         | 38.5      | 21.4            | 30.8          |
| 3. Minolta                      | 18.9              | 57.1           | 8.3                 | 30.8      | 7.7              | 28.6                | 14.3         | 7.7       | 28.6            | 23.1          |
| <b>35mm lens shutter camera</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Kodak                        | 40.2              | 54.5           | 22.2                | 55.6      | 36.4             | 40.0                | 36.4         | 40.0      | 45.5            | 45.5          |
| 2. Canon                        | 23.2              | 63.6           | 22.2                | 11.1      | 36.4             | 30.0                | 27.3         | 20.0      | 18.2            | 18.2          |
| 3. Pentax                       | 9.6               | 18.2           | 11.1                | 11.1      | 9.1              | 10.0                | 9.1          | 10.0      | 9.1             | 9.1           |
| <b>Binoculars</b>               |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Bushnell                     | 52.8              | 71.4           | 42.9                | 80.0      | 42.9             | 66.7                | 28.6         | 71.4      | 71.4            | 28.6          |
| 2. Tasco                        | 28.3              | 57.1           | 28.6                | 20.0      | 28.6             | 33.3                | 42.9         | 14.3      | 14.3            | 42.9          |
| 3. Nikon                        | 11.3              | 14.3           | 14.3                | —         | 14.3             | —                   | 14.3         | 14.3      | 14.3            | 14.3          |
| <b>Film</b>                     |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Kodak                        | 88.9              | 100.0          | 75.0                | 87.5      | 88.2             | 86.7                | 94.1         | 88.2      | 88.2            | 94.4          |
| 2. Polaroid                     | 8.3               | 44.4           | —                   | 6.3       | 5.9              | 6.7                 | 5.9          | 17.6      | 17.6            | 5.6           |
| 3. Fuji                         | 7.5               | 33.3           | 12.5                | 6.3       | 11.8             | 6.7                 | 5.9          | 5.9       | 5.9             | 5.6           |

Source: Chain Store Age/Leo J. Shapiro & Associates





*Kodak took honors in the film category with 90.3% of those polled.*

15.8%, respectively. Minolta got the profit nod from 20.8% of the buyers last year.

As in many categories, lines that are strong in discount stores are weak in department stores and vice versa. Kodak is proving to be the darling of the discounters, with 40.2% approval. Canon is a distant second with 23.2%. Other firms mentioned were selected by less than 10% of those canvassed.

Department stores favored Canon by a wide margin, although buyers were favorably disposed to a wider number of lines than discounters. Where Canon was selected by 48.2% of the retailers, Minolta was picked by 18.8%; Kodak, 16.5%; and Nikon, 10.6.

Canon made a particularly good showing, as far as department stores are concerned, in advertising, turnover, packaging and on-time delivery. About 1 out of 3 retailers thought it offered good margins.

**Film:** It should come as no surprise that Kodak is the key line, with a top overall performance rating from 90.3% of the retailers polled. In view of the heady competition in film, it is somewhat surprising that Kodak received such a high approval rating on profit margins. Some 83.3% cited its profitability for their high estimation of the line.

In Kodak's shadow in the study were Fuji with 7.1% of the vote; and Polaroid with 3.5%. □

## It's in the cards for the Big Three

**The Big Three dominate again, while Bic stands out in writing instruments; Sheaffer Eaton in date books.**



Hallmark and American Greetings strengthened their already solid position in three major stationery categories.

In greeting cards, for instance, front-runner American Greetings was favored for its overall performance this year by 45% of merchants, compared to 33.7% last year. By the same token, Hallmark climbed to second place this year increasing its overall approval rate from 21.8% of the mer-

chants in 1986 to 25.2% this year.

The two companies repeated their performances in party ware where Hallmark was the pick of 27.3% (up from 23.5% last year) and American Greetings 18% (up from 15.7%).

In writing implements, Bic dominated, commanding the greatest approval of nearly half of the buyers.

**Greeting Cards:** In recognizing American Greetings this year for its cooperation in "providing innovative, high quality greeting cards and related products," K mart reflected the high regard discount re-

tailers have for the producer. In the CSA study, American Greetings was given a top performance rating by 58.7% of the discount chains canvassed. Discounters particularly liked the company's co-op advertising policy, and also gave high marks to the line's profitability.

Hallmark was the favorite of 50.5% of the department stores. American Greetings was second with 24.2%. Although Hallmark outpointed American Greetings on all criteria, American Greetings' greatest weaknesses and Hallmark's greatest strengths here were consumer ad support and sell-through. Hallmark scored high on these criteria with 58.3% and 53.8% respectively compared to 16.7% and 15.4% for American Greetings.

In the overall picture, American Greetings increased its first place share in 1987 to 45% from 33.7% in 1986. Because of its strength in department stores, Hallmark was second with 25.2%, followed by Ambassador with 12.6% and Gibson, the second place finisher in 1986, 11.6%.

**Date Books:** Its strong co-op and consumer advertising programs has made Mead the date book darling of the discount stores, with a 58.5% share of the vote. The company was given high ratings by well over 50% of the mass merchants on all criteria except one—profit margin, which was approved by 42.9%. Its nearest competition is Sheaffer Eaton with 7.5%.

Mead's date book profile in department stores is non-existent. No department store mentioned the line. Sheaffer Eaton took up the slack, earning the endorsement of 49.2% of the buyers, followed by Hallmark with 23%; and Lotz of London, 14.8%.

Apparently department stores were willing to sacrifice margin for ad support. While 45.5% of the respondents are happy with Sheaffer's profit margins, 50% like its consumer and co-op ad support and turnover rate. Only Hallmark performed better in co-op advertising with the remaining 50%.

Mead's showing in discount chains enabled it to earn a top 37.1% share of the datebook market. Scheaffer followed with 22.2%.

**Writing Instruments:** Thanks to the overwhelming support from discount and generally good acceptance in department stores, Bic has garnered a 43% share of the retailer support of writing instruments. Bic

### Department stores: Hallmark tops in cards, party ware

| Brand                      | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|----------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Greeting cards</b>      |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Hallmark                | 50.5%             | 66.7%          | 38.5%               | 55.6%     | 53.8%            | 58.3%               | 53.8%        | 54.5%     | 50.0%           | 41.7%         |
| 2. American Greetings      | 24.2              | 46.7           | 30.8                | 33.3      | 30.8             | 16.7                | 15.4         | 18.2      | 25.0            | 25.0          |
| 3. Gibson                  | 8.4               | 20.0           | 7.7                 | 11.1      | 7.7              | 8.3                 | 7.7          | 9.1       | 8.3             | 8.3           |
| <b>Date books</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Sheaffer Eaton          | 42.6              | 41.7           | 36.4                | 50.0      | 40.0             | 50.0                | 40.0         | 42.9      | 42.9            | 50.0          |
| 2. Hallmark                | 23.0              | 16.7           | 18.2                | 50.0      | 20.0             | 16.7                | 20.0         | 28.6      | 28.6            | 25.0          |
| 3. Lotz of London          | 14.8              | 25.0           | 27.3                | —         | 20.0             | —                   | 10.0         | 14.3      | 14.3            | 12.5          |
| <b>Writing instruments</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Cross                   | 55.1              | 66.7           | 45.5                | 54.5      | 55.6             | 66.7                | 58.3         | 50.0      | 50.0            | 58.3          |
| 2. Sheaffer Eaton          | 24.7              | 33.3           | 18.2                | 9.1       | 22.2             | 25.0                | 33.3         | 33.3      | 30.0            | 25.0          |
| 3. Bic                     | 13.5              | 25.0           | 9.1                 | 18.2      | 11.1             | 16.7                | 16.7         | 8.3       | 10.0            | 16.7          |
| <b>Party ware</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Hallmark                | 58.5              | 66.7           | 44.4                | 57.1      | 55.6             | 62.5                | 62.5         | 62.5      | 62.5            | 62.5          |
| 2. Contempo                | 26.2              | 44.4           | 33.3                | 14.3      | 22.2             | 12.5                | 37.5         | 37.5      | 25.0            | 25.0          |
| 3. American Greetings      | 7.7               | 22.2           | 11.1                | 14.3      | 11.1             | 12.5                | —            | —         | 12.5            | —             |

Source: Chain Store Age/Leo J. Shapiro & Associates

was picked by 63.1% of the discount chains, and 43.9% of the department stores. Bic's only significant competition in the discount realm was Paper Mate, cited by 27.7%.

Bic scored particularly high with discounters on turnover and on-time delivery, with approval registered here by 77.8% and 72.2% respectively.

It is quite a different cast of characters on the department store scene where Cross, a line not carried by discounters canvassed, is the star with a 55.1% share. Sheaffer Eaton, also not represented in discount establishments, was in second place with 24.7%. Bic had 13.5% share, while Parker, a line that did not score with any discounters in any of the nine performance criteria, has a favorable

performance rating by 12% of the department stores.

Cross took over 50% of the votes on all criteria except one: profit margins. Some 45.5% of the department store were pleased with its margins. Sheaffer Eaton and Parker each were reported to offer good margins by 18.2% of the department stores.

**Party Ware:** Hallmark retained its No. 1 position as supplier of party goods. In fact, it even increased its share of the market from 23.5% in 1986 to 27.3% this year.

Probably the most significant change in the picture, though is the rise of C. A. Reed and fall of Gibson in retailer estimates. Reed climbed to second place in party goods, increasing its share from 12.4% to

21.6%. Gibson, on the other hand, placed second in 1986, but did not make the list this year since it was only evaluated by 4.5% of the discount chains, and no department stores. Meanwhile, American Greetings stayed in third place with 18.2% buyer approval.

When it comes to merchandising party goods, discounters tend to go with a wider range of resources than do department stores. C. A. Reed proved the most popular of four lines discounters feel have merit. Reed was picked for overall performance by 31.5% of the discounters, while American Greetings was cited by 14.3%; Hallmark, 9%.

Profitability, turnover, and sell-through were Reed's strong points with discounters. They were appar-

### Discount chains: American Greetings, Ambassador make waves

| Brand                      | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|----------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Greeting cards</b>      |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. American Greetings      | 58.7%             | 85.7%          | 63.2%               | 80.0%     | 53.3%            | 55.6%               | 65.0%        | 52.6%     | 52.6%           | 50.0%         |
| 2. Ambassador              | 21.0              | 38.1           | 21.1                | 20.0      | 20.0             | 22.2                | 20.0         | 21.1      | 15.8            | 27.8          |
| 3. Gibson                  | 14.0              | 42.9           | 10.5                | 26.7      | 13.3             | 5.6                 | 10.0         | 10.5      | 10.5            | 27.8          |
| <b>Date books</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Mead                    | 58.5              | 53.3           | 42.9                | 66.7      | 57.1             | 72.7                | 57.1         | 57.1      | 61.5            | 57.1          |
| 2. Design House            | 7.5               | 6.7            | 7.1                 | 8.3       | 7.1              | 9.1                 | 7.1          | 7.1       | 7.7             | 7.1           |
| 3. Sheaffer Eaton          | 6.6               | 13.3           | 7.1                 | 8.3       | 7.1              | —                   | 7.1          | 14.3      | —               | 7.1           |
| <b>Writing instruments</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Bic                     | 63.1              | 90.0           | 52.6                | 56.3      | 72.2             | 64.7                | 63.2         | 52.6      | 66.7            | 77.8          |
| 2. Paper Mate              | 27.7              | 65.0           | 26.3                | 50.0      | 11.1             | 35.3                | 26.3         | 31.6      | 33.3            | 11.1          |
| 3. Empire Pencil           | 9.9               | 20.0           | 15.8                | —         | 16.7             | —                   | 15.8         | 10.5      | 6.7             | 11.1          |
| <b>Party ware</b>          |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. C. A. Reed              | 31.5              | 43.8           | 46.7                | 18.2      | 21.4             | 23.1                | 40.0         | 28.6      | 26.7            | 42.9          |
| 2. American Greetings      | 24.3              | 50.0           | 13.3                | 45.5      | 35.7             | 30.8                | 6.7          | 21.4      | 33.3            | 14.3          |
| 3. Ambassador              | 19.8              | 18.8           | 13.3                | 18.2      | 21.4             | 23.1                | 20.0         | 21.4      | 20.0            | 21.4          |

Source: Chain Store Age/Leo J. Shapiro & Associates

ently enough to offset American Greetings' advantage in advertising support, on-time delivery, and sales and service.

Department stores, on the other hand, were prone to stick with two major sources: Hallmark and Con-tempo. According to the CSA study, the former had a 58.5% share; the latter, 26.2%. Hallmark was given high marks by depart-

ment stores for its turnover, consumer advertising, sell-through, packaging and sales and service (each by 62.5% of the buyers).

They were less enamored with the line's profitability; only 44.4% of the respondents were satisfied here. Its performance there was still rated better than for Con-tempo, cited for good profit margins by 33% of the retailers. □

## Timex and Monet shine the brightest

**Both are cited by discount and department stores as strong performers. No others made the crossover.**



Jewelry buyers tend to be very selective in their assortments of watches and costume jewelry. Stores usually zero in on one major brand of watch and two or three key lines in costume jewelry.

**Watches:** Timex is the key line in discount stores. More than 69% of the buyers in the mass merchandising chains considered it their top performer. Others cited by discounters in CSA's survey are Lorus, favored by 17.4%; Casio, 8.3%; Seiko, 3.3%; Gerson, 1.7% and Rolex, under 1%.

Timex overwhelmed the other brands in all eight of the criteria.

Watches are not a major category in department stores. The only brand to make a respectable showing is the Swatch watch, cited by 33% of the buyers. In second is Timex, selected by only 15.5% of the buyers. A fairly close third was Citizen, the choice of 12.4% of the respondents. Lorus and Seiko rounded out the selections with 6.2% and 3.1% share of the vote, respectively.

**Costume jewelry:** With its strong presence in both discount chains and department stores, Monet emerges as the top costume jew-

elry line in the two channels of distribution. Its overall performance was endorsed by 21.5% of the buyers. Some 17.8% of the discount buyers gave Monet a top performance rating, while 23.9% department stores voted for it.

Trifari, on the other hand, which ranked behind Monet in popularity, received no mention by discount stores, but gained votes from 27.1% of the department stores. The only other line to make a significant showing was Napier, selected by 14.8%.

Though more department stores found Trifari more profitable with greater turnover than Monet and Napier, Monet outscored Trifari in such areas as co-op and consumer advertising and packaging. Trifari fared better in on-time delivery, and was on equal footing with Monet on sell-through, the survey shows.

Costume jewelry assortments are somewhat more limited in discount chains. Other than Monet, the only lines receiving many mentions were Gerson, whose overall performance was rated tops by 15.8% of the discounters, and Napier with 6.9%.

Interestingly, many retailers were hard pressed to name a good performing jewelry line. This is reflected in the fact that the "other" classification received more mentions than any manufacturer on the list. □

### Department stores: It's Swatch and Trifari

| Brand                  | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Watches</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Swatch              | 33.0%             | 33.3%          | 35.7%               | 36.4%     | 33.1%            | 41.7%               | 30.8%        | 36.4%     | 30.0%           | 30.8%         |
| 2. Timex               | 15.5              | 26.7           | 7.1                 | 18.2      | 15.4             | 25.0                | 15.4         | 9.1       | 20.0            | 15.4          |
| 3. Citizen             | 12.4              | 13.3           | 14.3                | 18.2      | 7.7              | 8.3                 | 15.4         | 9.1       | 10.0            | 15.4          |
| <b>Costume jewelry</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Trifari             | 27.1              | 37.5           | 30.0                | 25.0      | 36.8             | 27.8                | 19.0         | 25.0      | 28.6            | 25.0          |
| 2. Monet               | 23.9              | 45.8           | 20.0                | 37.5      | 15.8             | 33.3                | 19.0         | 40.0      | 19.0            | 10.0          |
| 3. Napier              | 14.8              | 25.0           | 20.0                | 12.5      | 15.8             | 16.7                | 4.8          | 25.0      | 14.3            | 10.0          |

Source: Chain Store Age/Lao J. Shapiro & Associates

### Discount chains: Buyers pick Timex and Monet

| Brand                  | Total performance | Brand mentions | Good profit margins | Co-op ads | On-time delivery | Consumer ad support | Sell-through | Packaging | Sales & service | Turnover rate |
|------------------------|-------------------|----------------|---------------------|-----------|------------------|---------------------|--------------|-----------|-----------------|---------------|
| <b>Watches</b>         |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Timex               | 69.4%             | 77.8%          | 47.1%               | 69.2%     | 60.0%            | 85.7%               | 75.0%        | 66.7%     | 78.6%           | 76.5%         |
| 2. Lorus               | 17.4              | 38.9           | 11.8                | 23.1      | 26.7             | 14.3                | 6.3          | 26.7      | 21.4            | 11.8          |
| 3. Casio               | 8.3               | 22.2           | 23.5                | 7.7       | —                | —                   | 6.3          | 6.7       | 14.3            | 5.9           |
| <b>Costume Jewelry</b> |                   |                |                     |           |                  |                     |              |           |                 |               |
| 1. Monet               | 17.8              | 21.1           | 21.4                | 20.0      | 7.7              | 18.2                | 14.3         | 23.1      | 25.0            | 14.3          |
| 2. Gerson              | 15.8              | 15.8           | 14.3                | 20.0      | 15.4             | 18.2                | 14.3         | 15.4      | 16.7            | 14.3          |
| 3. Accessories Assoc.  | 9.9               | 15.8           | 7.1                 | 10.0      | 15.4             | 9.1                 | 7.1          | 7.7       | 16.7            | 7.1           |

Source: Chain Store Age/Lao J. Shapiro & Associates



## Electronics to stay soft

With the exception of only the savviest operators, profits in consumer electronics retailing this year have come to those merchants capable of racking up the sales increases needed to cover shrinking margins.

According to the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey, both

sales and profit gains for the department in the final two quarters will be even more difficult to achieve.

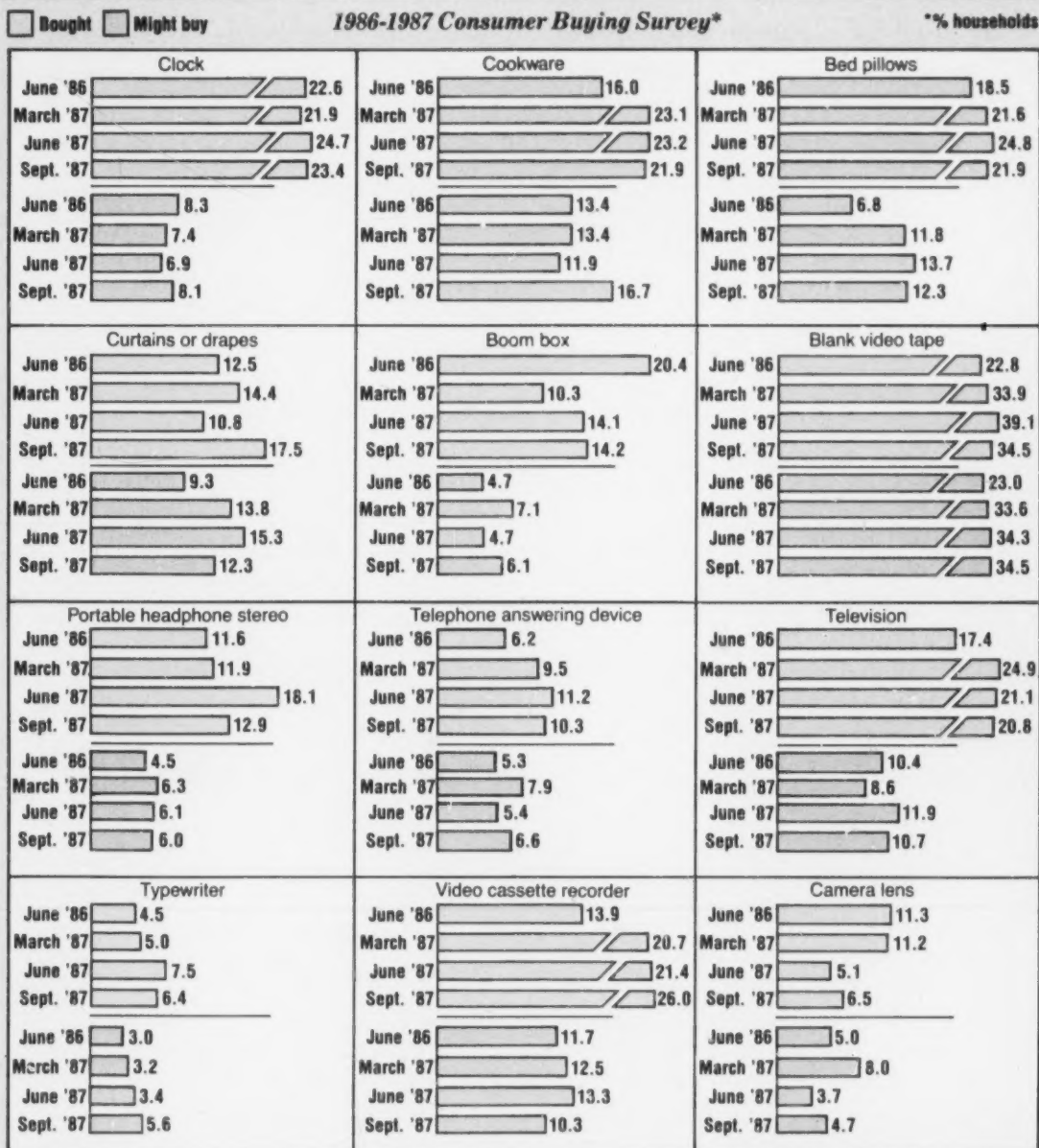
The most recent nationwide telephone sweep of 450 MarkeTrends families reveals that customers are hauling in their buying plans for home electronics products.

Of the six consumer electronics products in the current poll, four—

including VCRs, boom boxes, head-phone audio and telephone answering devices—are recording drops in customer buying plans. Blank video tape is flat, according to the survey. Only televisions are set for modest increases.

Video cassette recorder imports have been lagging behind 1986 totals, and the MarkeTrends poll shows that VCR sales will start to fall from last year's record-high levels.

Compared to six month-ago figures, 18% fewer of the MarkeTrends



Source: Chain Store Age/Leo J. Shapiro & Associates

families say that they plan on buying a VCR sometime within the next year. Still, it is unlikely that the softness in the market is really that deep. *Chain Store Age* estimates that VCR sales in the next 12 month period will fall, but only by about 4%.

Blank video tape seems to have hit a snag, too. Many manufacturers have already reined in early-year sales projections, and the latest MarkeTrends sweep indicates that more conservative estimates are on the mark. Compared to figures recorded six months ago, 3% more families now say that they expect to buy blank tape in the next 12 months.

Actual sales, however, might have trouble keeping up with even that modest pace. The MarkeTrends families are giving preliminary indications that they will buy fewer blank video tapes per household, thus holding down the market's total size.

Customer interest in portable au-



*Expected sales of blank video tape is up only 3% from six months ago.*

dio—including both headphone audio and boom boxes—is down in the latest MarkeTrends sweep. Compared to results recorded six months ago, 5% fewer families say they will buy a headphone stereo this year, and 14% fewer think they will buy a boom box.

More surprising, however, is the potential softness in the market for telephone answering machines. Compared to six-month ago figures, 20% fewer MarkeTrends families report that they will buy a telephone answering device sometime within the next 12 months.

Once again, though, the MarkeTrends survey is probably overstating the results. *Chain Store Age* projects that TAD sales in the next year will equal, or slightly exceed, results recorded over the past 12 months.

Televisions should turn in a similar performance, according to the poll. Customer buying plans are up over the last six months and are running slightly ahead of 1986 totals. □

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## July sales rise 9.5%, profits to gain more

The nation's biggest retailers reported only ho-hum sales increases in July. For the 19 retail companies tracked by *Chain Store Age*, volume was ahead a modest 9.5% compared to the same period a year ago. Sales for the first half of the current fiscal year are up 10.3% from 1986.

But the summer's lukewarm gains are probably best interpreted as good news. Seasonal merchandise moved briskly in May and June, leaving few goods to mark down in July.

At Sears, the country's largest retailer, July volume was ahead a leisurely 2%, while fellow catalog giant J. C. Penney recorded sales up 1.6% for the month. Montgomery Ward, on the other hand, not only outpaced both Sears and Penney, but also outran its own first-half performance. Ward volume gained 8.4% in July and for the first six months is 7.6% ahead of 1986 totals.

Dayton Hudson recorded the best sales gains among the diversified retail companies with a 15.7% sales jump in July. But troubles at its Mervyn's division continue to plague Dayton Hudson, and profits for the second quarter will suffer, the company said.

Top management spent the month figuring how to spurn the Haft family's announced bid for the Minneapolis-based company.

Carter Hawley Hale management spent the month riding herd on the company's split into two new companies—a department store company and a specialty store company. Sales in July for combined operations were up 7.3%.

May Department Stores recorded a 7% sales gain overall for the month, but same-store results were problematic. Comparable-store sales at its Venture discount division fell 2.3% in July and are only 1.1% ahead for the first six months.

May's Connecticut-based Caldor discount stores are registering a 7.3% same-store gain in the first half, but much of the increase is the result of efforts to clear merchandise out of the former ADG division and conform its merchandising strategy with other May divisions. Industry watchers estimate that Caldor is not profitable this year.

Most retailers, however, will turn their modest sales gains into

## Sales no scorcher, but profits hot

| Major chains                    | % change | July sales* |             | Stores |       | 6-mo. sales* |              | % change |
|---------------------------------|----------|-------------|-------------|--------|-------|--------------|--------------|----------|
|                                 |          | 1987        | 1986        | 1987   | 1986  | 1987         | 1986         |          |
| Sears <sup>1,2</sup>            | + 2.0    | \$2,004,069 | \$1,965,087 | 807    | 800   | \$12,460,046 | \$12,038,446 | + 3.5    |
| Penney <sup>2</sup>             | + 1.6    | 843,000     | 830,000     | 1,846  | 1,902 | 5,923,000    | 5,685,000    | + 4.2    |
| Ward                            | + 8.4    | 333,002     | 307,234     | 296    | 291   | 2,025,979    | 1,882,907    | + 7.6    |
| May Dept. Stores                | + 7.0    | 625,600     | 584,800     | 2,848  | 2,210 | 4,651,600    | 4,240,400    | + 9.7    |
| Dayton Hudson                   | + 15.7   | 683,600     | 590,900     | 514    | N/A   | 4,352,300    | 3,821,000    | + 13.9   |
| Federated <sup>3</sup>          | + 5.6    | 537,100     | 508,400     | 519    | 486   | 3,868,100    | 3,667,100    | + 5.5    |
| Carter Hawley Hale              | + 7.3    | 245,700     | 228,900     | 320    | 304   | 1,682,100    | 1,566,800    | + 7.4    |
| Mercantile                      | + 4.7    | 135,501     | 129,430     | 82     | 80    | 927,840      | 871,533      | + 6.5    |
| Carson Pirie Scott <sup>4</sup> | + 11.1   | 50,200      | 45,188      | N/A    | N/A   | 362,100      | 308,359      | + 17.4   |
| K mart <sup>1,5</sup>           | + 6.8    | 1,777,400   | 1,664,900   | 2,200  | 2,183 | 11,404,800   | 10,556,500   | + 8.0    |
| Wal-Mart                        | + 35.6   | 1,222,000   | 901,000     | 1,133  | 956   | 6,945,000    | 5,115,000    | + 35.8   |
| Zayre                           | + 11.3   | 378,000     | 339,600     | 1,026  | 1,026 | 2,700,100    | 2,285,000    | + 18.2   |
| Woolworth <sup>7</sup>          | + 7.3    | 279,000     | 260,000     | N/A    | N/A   | 1,865,400    | 1,753,700    | + 6.4    |
| Ames                            | + 11.8   | 135,500     | 121,200     | 468    | 452   | 932,000      | 813,300      | + 14.6   |
| Bradlees                        | + 11.9   | 122,000     | 109,000     | 166    | 156   | 867,000      | 779,000      | + 8.5    |
| Tandy <sup>2</sup>              | + 7.8    | 223,818     | 207,524     | N/A    | N/A   | 1,368,349    | 1,251,819    | + 9.3    |
| Circuit City                    | + 33.8   | 99,000      | 74,000      | 92     | 90    | 500,300      | 357,800      | + 39.8   |
| Federated Group                 | - 3.3    | 26,100      | 27,000      | 66     | 60    | 176,200      | 184,800      | - 4.6    |
| Best Buy                        | + 169.0  | 33,900      | 12,600      | 29     | 13    | 155,000      | 71,954       | + 115.4  |
| Totals & Ave. ages              | + 9.5    | \$9,754,490 | \$8,906,763 | —      | —     | \$63,167,214 | \$57,250,418 | + 10.3   |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only. <sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.

<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

respectable profits for the second quarter. At press time Carter Hawley Hale, K mart, May Dept. Stores, Sears, Wal-Mart, Montgomery Ward, Woolworth and Zayre all were expected to report double-digit profit gains for the second quarter.

Performance over the last three months likely will be a good predictor for the rest of the year. Sales have been solid, but not spectacular over the quarter. Soft goods are outperforming hard lines, where both sales and margins are under heavy and increasing pressure. Profit gains this year are the combined result of more disciplined

buying, better inventory control and more favorable tax rates.

Clearly on a roll this year is Montgomery Ward. The Chicago-based chain recorded second quarter profits gaining 36% in the second quarter and up 69% for the first half. Sales for the first six months are 7.6% ahead of 1986 totals.

At Sears, the nation's largest retailer, profits for its Merchandise Group in the second quarter were \$170.8 million, compared to \$166.2 million the year before. For the first half, however, Sears Merchandise Group net earnings totalled \$202.1 million, compared to \$208.3 million in the first six months of 1986.

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Juvenile products grow up  
MarkeTrends: Boom boxes, Scales!

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# Chain Store Age

GENERAL MERCHANDISE TRENDS

OCTOBER

1987

## Specialty chains worth watching



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## More consumers take to the pen

If you think the art of self-expression is dead, just consider statistics recently released by the Writing Instrument Manufacturers Association.

The WIMA reports that dollar sales of writing instruments, including pens, markers and mechanical pens, at retail last year hit a record high of \$2,317,386,000. In 1985 the total was \$2,075,780,000.

Unit sales also increased more than 10% in 1986, climbing to 3,928,713,000 from the previous year's total of 3,564,923,000.

For the record, mechanical sales increased by more than 30% with the largest gain in clutch action models. Markers and highlighters increased 20%. Ball point pen sales showed a 7% gain, while roller pen sales jumped almost 15%. Sales increases were also registered in porous point pens and desk pen sets.

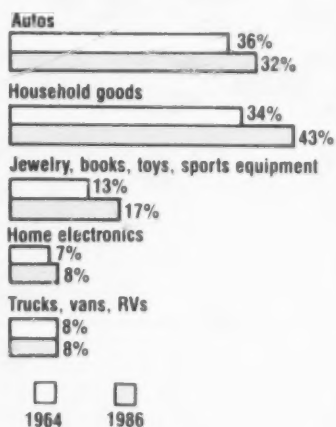
Art markers were distinguished from other models in the marker category by the WIMA for the first time this year. There were more than 14 million art markers sold last year for a volume that totaled \$12,782,000.

## Growth still ahead for electronics, toys

The best predictor of what people will buy, according to a study in a recent issue of *American Demographics*, is what people already own. When the old one wears out, the magazine reasons, customers will go out and buy a new one.

Using Department of Commerce figures, the magazine says

### What people own\*



Source: *American Demographics*  
Department of Commerce

that the average family in 1986 owned more electronics, jewelry, toys, books and sports equipment than it did in 1964. If the trend continues, these are the departments best poised for con-

tinued growth.

In 1964 jewelry, books, toys and sports equipment amounted to 13% of the value of the average family's durable goods stock. Twenty-two years later, their share of the typical household's pie had grown to 17%, according to Department of Commerce figures. Home electronics over the same period grew from 7% to 8%.

Home electronics, however, have been growing at a faster pace than even those numbers indicate. In 1985, the average family's stock of electronics increased in value by 14%. Last year, the amount picked up still more, gaining 17%.

Will the upward trend continue? According to *American Demographics*, the early 1980s recession was preceded by a dropoff in durable values. The good news is that this year's figures should increase 6%, just about equalling last year's gain.

## Physico Fitness plans franchising

When Houston's economy hit bottom in 1985, a consumer electronics retailer crossed over to selling sports equipment and apparel. Two years later, Houston's economy is no better off, but the retailer has opened a second store and plans to go national through franchises.

The store is Physico Fitness

Superstore and its owner is Eddie Lakeir, who says he is weathering Houston's inclement financial climate by including in his pitch for high-end sportswear and fitness gear some principles from plugging TVs and VCRs: lots of advertising and price-cutting as well as staying open all seven days and during the evening, combining the methods of an aggressive mass merchandiser with the wares of a pricey specialty retailer.

Lakier says that when he got into the sporting goods business in Houston, his fellow dealers in higher-quality merchandise were selling at or above suggested retail price, so competitive tactics were long overdue.

Also, he tried something else to distinguish his operation in another way, putting in a tanning salon with five booths and an aerobic studio offering several classes a day.

The tanning salon is a loss leader, and the aerobics studio generates only a minor profit. So their purpose is to bring the traffic in, rather than function as profit centers in their own right. The real money is in the fitness gear and apparel.

The prices of his weights, upright and recumbent bicycles, ski machines and electronic bikes range from upper-medium to premium. Any cheaper and they tend to break down very quickly, he says.

Clothing does not break or malfunction, so the price spread is much wider, from high to deep discount. Also, the apparel is for fitness and dancing, and that is it. He cut out a line of tennis wear and has never carried any other kind of clothing. The point is to offer more of a certain kind of product than a customer can find anywhere else, he says, so while breadth may not be his strong point, depth in certain product lines is.

It looks as if the strategy is working, he contends. The first store in its first fiscal year tallied sales of \$2 million. By the time its third year ends next spring, he expects sales to total \$3.5 million with the second outlet contributing another \$2.5 million.



## No boom, but no downturn

The next 12 months will be a replay of 1987, or so say the 450 families in the monthly, nationwide MarkeTrends survey. Home electronics results will be mixed. Housewares and photo sales trends will repeat their spotty performance, too. Domestics will continue on a sales surge.

According to results from the lat-

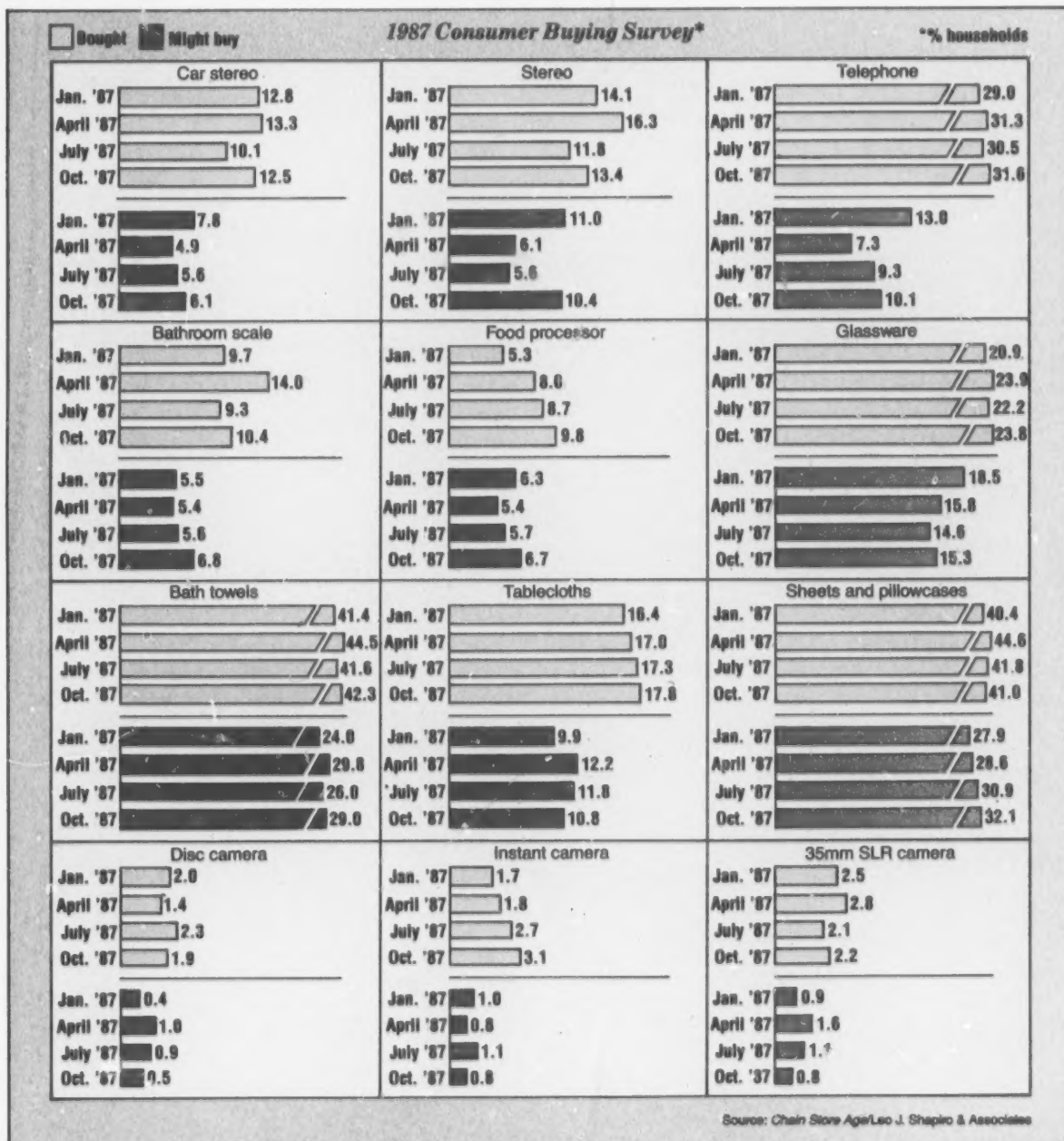
est poll, the number of MarkeTrends families that say they plan on buying a telephone is down strongly. Compared to a year ago, 38% fewer households in the current study report that they expect to buy a phone.

Car stereos turned in good sales hikes last year, but the number of survey households that plan on buy-

ing an auto sound system has dipped 8% since the October, 1986 survey.

Home stereos, however, are set to pick up from the sales plateau they hit earlier this year. In the latest survey, a whopping one-third more of the MarkeTrends families report that a stereo system is on their shopping list for 1987.

Housewares categories in this month's survey turn in even more mixed results. Since early spring, customers in the poll have shown renewed interest in food processors.



The current reading is 24% ahead of totals recorded a year ago, hitting its highest consumer interest in the history of the MarkeTrends poll.

Sunbeam's Oskar and its knock-offs appear to have done a remarkable job at creating a whole new market for food processors. According to the trend measured over the past six months, expect the sales upswing to continue.

Interest in buying bathroom scales, on the other hand, has held fairly steady throughout 1987. Though readings in the latest survey are ahead of totals recorded earlier this year, it is still too early to predict a change in the sales trend.

And though glassware sales have trended upward this year, the MarkeTrends families are beginning to express slightly less interest in buying next year. In the current poll, 8% fewer families say they will purchase glassware in the next 12 months.

Plan on disc cameras continuing their sales slide, too. Despite summer sales promotions for the cameras, the MarkeTrends families look as if they are beginning to give up on



*Compared to 1986, 38% fewer shoppers expect to purchase a telephone.*

the format. The latest reading extends a dip in customer buying intentions that began in earnest last spring. A better bet will be point-and-shoot cameras.

Single lens reflex cameras are faring better, according to the MarkeTrends poll. The number of families saying they plan on purchasing an SLR is just about equal to readings in the year-ago survey. But in a market that has been shrinking steadily over the last several years, even a halt in the downswing is welcome news.

Polaroid gets some good news in the latest poll, too. Customer plans to buy its instant cameras continue to outpace totals recorded a year ago. The number of families reporting that they already have bought an instant camera is nearly double what it was in January. The MarkeTrends survey gives every indication that the trend will continue.

Domestic categories, meanwhile, are among the poll's best performers. Customer buying plans for sheets and pillowcases are up 22% from the year-ago survey. Bath towels record a 17% gain. □

## NEW PRODUCTS

"Big Bird's Tea Party," "Grover's Animal Parade" and "Ernie's Nursery Rhymes" are three new titles just released from Sight & Sound Music Software. Called the Sesame Street Musical Storybook Series,



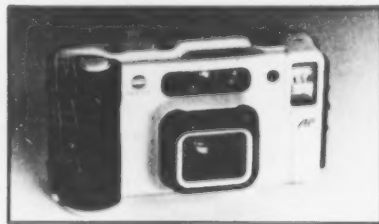
the books carry a suggested retail of \$13.95, and will be in major stores nationwide this fall. The books are special in the fact they not only tell a story with accompanying songs and music, but also help children learn to play the songs on the mini electronic keyboard built into the book. (Sight & Sound Music Software Inc., 3200 S. 166th St., New Berlin, Wisc. 53151.)

Brother International introduces the AX-22 daisy wheel electronic typewriter at a price point targeted at the mass marketplace. The Brother AX-22 brings new simplicity to typing. It features an auto-



matic 'Word-Out' and 'Line-Out' correction system for erasing a single word or an entire line. It also has full line lift-off correction memory. Other features include variable 10 and 12 pitch typing; automatic right margin flush, centering and underlining; a full-size 12-in. paper capacity; and a 12cps typing speed. (Brother International Corp., 8 Corporate Place, Piscataway, N.J. 08854.)

Minolta introduces the Weathermatic Dual 35: the world's first all-weather/waterproof dual-lens autofocus compact camera. This ruggedly designed compact camera lets one enjoy taking pictures anytime, anywhere and in any weather. The Weathermatic Dual 35 is O-Ring sealed against moisture, sand



and dust. This design makes the camera ideal for use on snowy hill-sides, sandy beaches, in the rain, or even 16.5 feet underwater. In addition, the camera floats and has high-visibility yellow-and-grey surfaces. Thissi makes the camera easy to retrieve if it is dropped in a swimming pool or overboard while boating. (Minolta Corp., 101 Williams Dr., Ramsey, N.J. 07446.)

# DISCOUNT CUSTOMERS WANT LOW-PRICED BOOM BOXES

Discount shoppers expect to pay as much as 50% less than department store and electronics specialty store customers. Yet they will not compromise on features.

In case no one noticed, discount store shoppers are bargain hunters. In the stampede to upscale, the temptation has been to forget this axiom. But for some insight as to what is really happening in the market, watch the customer for boom boxes.

For one, the discount customer expects to pay only \$78 for a portable stereo. Compare this to the department store shopper, who thinks he will spend more than twice as much, or \$180. So, too, will the electronics specialty outlet customer, who plans on paying \$174.

Nonetheless, the discount store shopper expects to get all the same features that the department or specialty store customer wants, including such pricey add-ons as a dual cassette recorder, detachable speakers, a compact disc player

and, for a significant number, even a television set.

About 14% of potential boom box buyers expect to buy at a discount store, the survey says. Thirty-one percent plan on making their purchase at an electronics specialty store. Nine percent think they will buy at either Sears, Penney or Ward. Six percent report they will purchase at a department store.

The results are part of the latest monthly *Chain Store Age*/Leo J. Shapiro & Associates nationwide MarkeTrends survey of 450 families. The most recent sweep was conducted through random telephone interviews in August.

According to the exclusive poll, the discount store shopper for portable stereos is a different breed en-

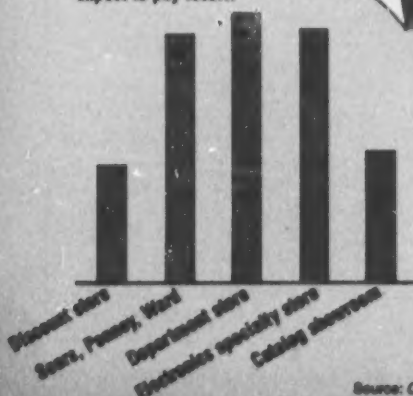
tirely from the customer who buys from other retail outlets. He is, above all else, a bargain hunter.

While certainly able to pay more (the discount store shopper for boom boxes pulls in \$27,200 annually, compared to \$25,900 for the specialty store customer), the mass market customer apparently just refuses to pay more for a portable stereo.

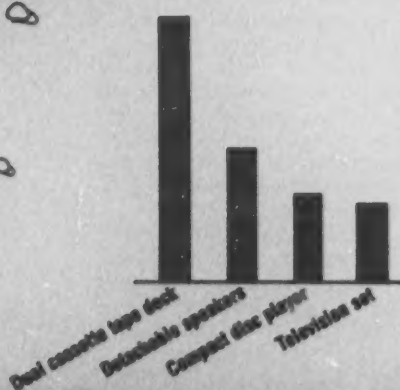
When asked to rate the importance of price in deciding which boom box to buy, 60% of discount outlet shoppers say it is very important. Fewer than half of the electronics specialty store customers rank price equally important.

**Features for less:** Is there anything that the discount store customer is willing to give up in return for a price break? According to the MarkeTrends families, it certainly

Discount boom box customers expect to pay less...



...but want all the features



Source: Chain Store Age/Leo J. Shapiro & Associates



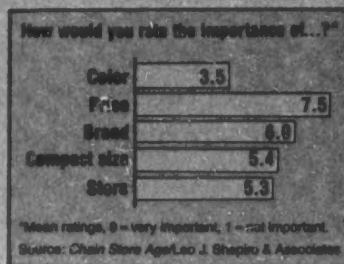
## Color ranked least important

First came pastels, then came brights. The explosion of color in boom boxes was supposed to create some fashion excitement. Did it work?

According to families in the most recent *Chain Store Age* MarkeTrends poll, there are more important factors in the customer's mind when it comes to buying a portable stereo. Color, it turns out, is near the bottom of the list.

Only 6% of the MarkeTrends families say that a boom box's col-

or is very important when they decide which stereo to buy. Thirty-six percent of the survey



households say that a boom box's hue is not at all important.

So how do shoppers decide which one to buy? First, by price—about half of the MarkeTrends families rank price as very important.

Next is brand name, cited by about one-fourth of the survey households. Following is the retail store's reputation, named by 19% in the poll, and how compact or small the stereo is, mentioned by 16% of the MarkeTrends families.

is not features.

The discount outlet shopper wants all the priciest features that the specialty and department store customer wants, he just wants to pay less.

For example, an almost equal number of the discount store and electronics specialty store shoppers (64% compared to 63%) say that they want a dual tape cassette the next time they buy. The same holds true for both detachable speakers (37% vs. 38%) and even a TV set (17% compared to 16%).

The only difference is that discount store customers are less likely to say that they want a compact disc player as part of their next boom box.

Only about 1 in 5 discount shoppers expect some day to buy a boom box with a CD player, while almost one-third of the specialty store customers will buy a CD player/boom box combo.

**Private label potential:** However, even the best of bargain hunters knows that there really is no such as thing as a free lunch, and discount store shoppers in the MarkeTrends poll admit that there is at least one thing they are willing to give up to get a rock-bottom price.

What discount outlet shoppers are willing to trade away are nationally advertised brand names. Off-brands or private label brands are acceptable alternatives for the discount store shopper, according to the nationwide survey.

While 61% of the MarkeTrends families who named an audio/electronics store as the place where they would buy a boom box are able to name a brand they would want to buy,

only 44% of discount store shoppers can name a preferred brand.

Though 31% of specialty store customers rate brand name as a very important criterion in their buying decision, only 20% of discount store shoppers think brands are that important.

The most brand conscious boom box customers, however, are families that expect to buy their portable stereo at one of the department stores. Forty-four percent of department store shoppers think brand names are very important in helping them choose which boom box to buy.

**Brand name leaders:** The top market position for boom boxes, ac-

cording to the MarkeTrends survey, belongs to Panasonic. Fifteen percent of the survey families that already own a portable stereo report that it bears the Panasonic nameplate.

Of current owners, Sony pulls in second, cited by 9% of MarkeTrends households. Following are Sanyo (5.7%), General Electric (5.7%), Toshiba (4.9%), Pioneer (3.2%), Emerson (2.6%), Magnavox (2.4%) and JVC (1.2%).

Asked what brands they think they will buy the next time, the survey families produce a similar list. Panasonic again is the customer's top choice, followed once again by Sony, Pioneer and GE. □

## No boom in boom boxes

About one-third of American families already own a boom box, but according to *Chain Store Age's* MarkeTrends poll, customer interest in buying again is beginning to lag. In the past six months, the number of households that say they expect to buy a portable stereo is down almost 15%.

In the latest survey, only 2% of the MarkeTrends families report that they definitely will buy a boom box in the next 12 months. Three percent say that they probably will buy, while 11% think that they may buy. Two-thirds of the sample families, meanwhile, rule out any chance

of buying a portable stereo anytime in the next year.

For the Pacific states, however, the news is considerably more upbeat. Sales should be brisk, as West Coast customers express buying intentions that are more than double those recorded in other parts of the nation.

Also scoring higher than average interest in buying boom boxes are the East South Central, West North Central, Middle Atlantic and New England regions.

Recording less than average buying interest are the Mountain, West South Central, South Atlantic and East North Central states.

## SIMPLICITY WEIGHS HEAVY IN BATHROOM

## SCALES

Color, digital read-out and brand name play second fiddle to warranty and moderate pricing in consumer concern.

Mass merchants will dominate future sales.

**C**onsumers want their bathroom scales simple and moderately priced.

Results of an exclusive *Chain Store Age*/Leo J. Shapiro & Associates MarketTrends study show that such new sophisticated features as weight readings in both pounds and kilos, memory and multiple memory are not important to potential bathroom scale purchasers.

What is more, respondents are more concerned about warranty than they are about color, digital read-out or brand name when it comes to buying scales.

Although prices vary widely, the median amount consumers in the report expect to pay for a scale is \$26; the mean, \$20.

According to the study, consumers prefer traditional platform style scales over balance beam doctor's types by a wide margin. Some 86.1% of the consumers canvassed would

most likely buy the former; 7.7% the latter. Not answering were 6.2%.

The popularity of the platform type is underscored by the fact that 60.6% of the consumers polled in the study specifically said that they already own at least one of them. Less than 1% of the respondents own a doctor's scale.

If statistics in the report are any indication, retailers can expect no sales boom in scales during the next 12 months. Some 72.4% of the consumers said they would definitely not be buying scales within the next year, while only 3.3% said they definitely would, and 7.1% said they probably would.

As for features, 39.5% of those surveyed consider a warranty very important, while 14.8% deem it not at all important.

Digital read-out feature, on the

other hand, was essential to 20% of the respondents, moderately important to 13.5% and not important in the least to 32%.

When it comes to color, 33.5% of the consumers feel this is of little or no importance, nearly twice the number (18.2%) who rated it as a top consideration in buying bathroom scales.

The new memory and weight reading features rank low on the want list of potential bath scale purchasers surveyed in the MarketTrends study.

The ability of a scale to remember the user's last weight, for instance, caught the fancy of only 8.5% of the consumers. In contrast, it was not considered at all a must feature by just over half (53.7%) of the respondents.

Similarly, the multiple memory feature—the scale's capacity to remember weight of several people in the household—was embraced completely by only 6.2% of the consumers polled, and considered somewhat important by 2.6%. At the other extreme, 64.8% of the households indicated they definitely could do without the feature.

Consumers are equally unimpressed with a scale's ability to tell weight in pounds or kilos. Only 7.6% of the respondents give the feature top priority, while 65% turn thumbs down on it completely.

The study also shows that consumer brand recognition is extremely limited in bathroom scales.

In fact, 86.6% of the potential buyers could not come up with a brand name they would most likely buy. Even among respondents who currently own scales, not more than 16% could name a brand when asked what one they would want to buy.

Of the 13.4% of the consumers who were able to name a brand preference, 3.4% singled out Borg;

How consumers rate the features



Source: *Chain Store Age*/Leo J. Shapiro & Associates

1.4%, Sears; 1.3%, Sunbeam; and under 1%, Krups. The remaining 6.7% was spread over other manufacturers.

Prices consumers expect to pay for their scales ranged from \$10 to over \$100. The biggest block of consumers (19.4%), however, figure to pay \$20 for their scale. Some 14.2% are willing to shell out between \$21 and \$29.99; and 12.7% over \$40. The low end also had its adherents. Some 13.8% of the households expect to pay under \$15 for a scale, while 11.2% were willing to go \$15 for a model.

There were few surprises when it comes to where consumers buy their scales. As in most housewares categories, the mass merchants were the most likely point of purchase sites for the majority of households checked. They were cited by 37.6%. Of that number, K mart dominated, favored by 17.5% of the consumers.

The Big 3 national chains—Sears, Penney and Ward—were the potential scale sales mecca of 21.2% of the households. Here, Sears outdistanced the others with 13.9% of the vote, compared to Penney's 4.6% and Ward's 2.7%.

Rounding out the list of major scale purveyors are department stores and catalog showrooms. The study showed that 10.3% of the respondents would most likely buy scales in department stores; 8% in catalog showrooms.

Judging from promotion, retailers are generally in tune with the consumer.

Catalog showrooms have played it



*Platform scales are owned by 60.6% of consumers vs. doctor's scales 1%.*

safe in assortments in their books.

Best, Luria and Service catalogs spotlight 18 to 20 basic models on a single page. These break down almost equally between platform models with digital readouts, platform models with traditional readouts, and doctor's scales. Price points also run the gamut from platform models \$10.97 to \$45 and doctor's units at well over \$100.

There is, though, a rather heavy concentration in the books of models at \$19 and \$20, price points favored by most of the consumers canvassed.

Scale ads by discount and depart-

ment store chains have been on the meager side. Macy's, one of the few New York department stores promoting scales, took the low road, featuring a Krup model 890 in a recent "Your Choice \$10" spread.

The CSA MarkeTrends study came up with some interesting demographics as they pertain to bathroom scales.

For one thing, it showed that most respondents (62.1%) were members of one-scale households. Almost 7% owned two scales.

Probably the most fascinating statistic to surface in the study involves frequency of scale use by the weight-conscious public. More people use scales once a week than during any other time frame.

Scales were used during a seven-day period by 26.6% of the consumers, while 18.2% used them once a month, and 16.9% once a day, and 13% two to three times a week. The mean figure for scale use is 2.2 times a week; the median, once a week.

Scale usage appears to be somewhat skewed towards more affluent households. Among respondents who report using a scale twice a week or more often, 24% have income of \$50,000 or more, while just 8% of those who use scales less often than once a week have the same \$50,000 or more income.

Ownership of scales, on the other hand, is somewhat related to age with owners being almost 10 years older than non-owners on the average. The mean age among those who own a bathroom scale is 46.1 years, while the mean age among non-owners is 37.6. □

## Scale out of kilter—call "Dr. Digital"

When buyers of Counselor's electronic digital scales have a problem, they can pick up the phone and call Dr. Digital.

The good doctor is readily available at the other end of a toll-free number included with the scale's warranty information.

Dr. Digital, a.k.a. Dorothy Defoor, receives about 30 calls a day, mostly in the morning.

Callers have similar problems, and certain questions are common, says Defoor, who is also the

Chicago producer's merchandising coordinator.

"I often get calls about the button on the back of the scale that reads 'do not remove.' People don't realize that the message applies only to packaging," Defoor says.

Another frequently asked question concerns the degree of a scale's accuracy, to which Defoor answers, "Two pounds either way." Other common queries are about rustproofness of the units,

the necessity of an alkaline battery, and the effects of moving the scale.

If a caller has a malfunctioning scale under warranty, Defoor advises the consumer to send the scale back to Counselor.

According to Defoor, the implementation of the Dr. Digital program has reduced the rate of returns to retailers measurably. At the same time, the concept has provided Counselor with many happy customers.



## CONSUMERS UPGRADE NEEDS IN BED LINENS

No longer is status quo acceptable. Shoppers want better patterns, higher thread counts, 100% cotton and coordinated looks. Demand will rise 15% in the next year.

**T**hese days, people not only want to buy more sheets and pillowcases—they want to buy *better* sheets and pillowcases.

Demand will rise by a whopping 15% in the next year, as customers scour the stores for better patterns, larger sizes, higher thread counts,

Industry observers, meanwhile, attribute the possibility of gains to popular patterns and customers' growing awareness of the meaning of thread counts.

Of 452 people queried by telephone, 48% say they may buy sheets or pillowcases in the next 12 months, up from 33% a year ago.

they want 180 threads or more, up from 8.5% last year. Designer sheet customers have become much more aware of thread counts, with nearly 48% demanding 180 threads or more this year, compared with 12.9% a year ago.

Preference for all-cotton is also growing dramatically. This year,

nearly 49% of prospective purchasers want 100% cotton, compared with less than 38% a year ago.

As with thread counts, the growing preference for cotton is due to the increasing sophistication of designer sheet customers. Just over 56% of this year's designer sheet customers want all-cotton, compared to less than 39% a year earlier.

On the other hand, awareness of no-iron 100% cotton sheets and pillowcases is dropping. This year, fewer than 27% of the respondents are familiar with no-iron all-cotton, compared with nearly 39% last year.

The percentage who say they do not know if no-iron 100% cotton sheets are available rose from 48% last year to nearly 58% in the current survey.

Awareness of no-iron all-cotton is steady only among—you may have guessed it—the customers who bought designer sheets in the last year or say they may buy designer sheets in the coming year. In that group, awareness has hovered near 39%.

Once people know about no-iron all-cotton sheets, though, demand becomes overwhelming. After hearing from pollsters that the sheets are on the market, 84% of the survey respondents they want the product,



Nearly 49% of prospective purchasers want 100% cotton vs. less than 38% last year.

100% cotton and coordinated looks, according to the latest *Chain Store Age*/Leo J. Shapiro & Associates MarkeTrends survey.

The move toward higher quality and larger sizes could push customers well beyond the opening price points, boosting gross margin dollars. Higher volume may also pump up gross margin dollars and should mean faster turns.

But nothing is guaranteed. Retailers will have little chance of enjoying the full benefits of these new opportunities if the category continues to function almost as a loss leader.

Big gainers include waterbed sheets, expected to increase by 9%, and children's sheets, which should rise by 7%.

The survey also reveals an almost astounding increase in the public's understanding of thread counts. A year ago, more than 84% declined to declare a preference for a particular thread count. That figure plummeted to just over 41% this year.

Awareness of thread counts is growing at the higher end of the market, with many discount store customers still looking first at price, says Jim Monroe of Cannon Mills.

In this year's survey, 35% say

while 9% still prefer regular cotton and just 5% still want blends.

The industry is also giving customers a reason to buy and a reason to move up in price points by providing better novelty patterns, including many with a country look.

Prints should have the largest market share, the survey indicates, with nearly 45% of those surveyed saying prints are their first choice. Solids other than white are second most popular with 36%, and whites are the choice of just over 14%. The trend toward prints is even more pronounced among designer sheet customers, of whom 65% want prints, up from 33% a year earlier.

The story is different, though, with waterbed sheets and pillowcases. As waterbeds move into the mainstream, owners are defecting from the bold graphics of recent years in favor of whites, 25%, and other solid colors, 67%.

Prints continue to lead in flannel sheets and pillowcases, winning the preference of 55.4% of those customers this year, compared to 29% for solids other than white and 12% for white.

Flannel sheet sales appear healthy, too, with more than 24% of respondents saying they either bought such sheets in the last year or may buy in the coming 12 months. That compares favorably with last year's 17% figure.

Customers continue to think of flannel sheets as seasonal, though. This 70% judge the product seasonal, a figure roughly the same as last year's 68%.

Coordination of bedroom looks is another growth area, the survey shows. This year, 48% of respondents want their sheets and pillowcases to match other bedroom furnishings, up from less than 41% the previous year.

A comforter that matches the linens is most important to those polled, warranting the votes of 22% this year, compared with 18% a year ago. This time, 21% want curtains to match the linens, up from last year's 18%. Bedspreads should match the linens, say 18% this year, up from 12%.

Though coordinated colors and patterns are often associated with department stores only, manufacturers cite K mart and Wal-Mart as two of the discounters excelling in the business.

Where space is limited, says Cannon's Monroe, special fixturing can replace full-sized vignettes as a

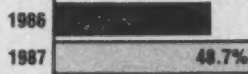
### ***Sheets and pillowcases: Customers purchasing all-cotton at all-out pace***

Nearly half of all customers plan to buy sheets or pillowcases in the next year



All-cotton is the preferred fabric

100% cotton:



Blends:



Source: Chain Store Age/Leo J. Shapiro & Associates



*Of those polled, 48% want bed linens to match other bedroom furnishings.*

means of displaying ensembles.

A movement away from double beds also presents an opportunity for retailers, because most of the business is migrating upward toward queen and king sizes.

Among those who have bought in the last year or plan to buy in the coming year, preference for double-sized sheets has dipped to 26% this year, from 34% a year ago.

This year, 38% want queen, up from 35% last year. Now, 27% want king, compared to the previous year's 23%. That means a total of 7% want larger and more costly sheets.

Retailers have another chance to improve profitability by choosing the right licensed characters, of course. There, the survey shows Mickey Mouse leaping ahead of the competition, though that part of the survey is too small for statistical significance.

Mickey moved into first place this

time, with nearly 21% of the mentions from parents who expect to buy their children sheets with licensed characters. Last year, Mickey tied for fifth place, after mentions from just over 8%.

According to the survey, this year's other strong character licenses include Care Bears, Disney characters in general, Sesame Street and Rainbow Bright.

Retailers may find licensed characters their best hope in children's sheets, where demand appears nearly stagnant, with 34% of sheet buyers planning to buy sheets for children, compared to 33% last year.

The survey also indicates that brand awareness is slipping. Cannon remains the leader, after more than 17% of those surveyed mentioned the brand this year. That result was down from last year's survey-leading mark of more than 20%. □

## Second quarter profits up 35%

Some day retailers will have to face up to weak sales gains, but strong second quarter profits will give them little impetus to do so right now.

Despite sales increases for the period that averaged only about 10% or less, the 30 retail companies tracked by *Chain Store Age* posted a combined 35.4% earnings gain compared to last year's second quarter. For the first half, profits are up 28.4%.

The gains are the result of belt tightening efforts instituted by retailers in the last recession and that are only now beginning to pay off big. Merchants also are reaping the rewards of tax reform, which has reduced tax rates for nearly every retail company this year.

Windfall profits from tax code changes likely will spill over into 1988, too, as effective rates for most retailers will fall even further. Some analysts have suggested that because of the changes, many companies can continue to record profit gains on even small sales increases.

The danger is that merchants, buoyed by bigger margins and profits, will too late realize that they have lost market share as sales at the register do not keep pace with earnings\*.

At Sears, the nation's largest retailer, profits for its Merchandise Group edged ahead 2.8% in the quarter, but for the first half are running 3% behind last year's totals.

Montgomery Ward, which last year recorded the highest profits in its history, has parlayed a 7.6% sales gain so far in 1987 into a 68.8% earnings hike.

J. C. Penney reported profits up a whopping 124% in the second quarter and 44% for the half, despite significant provisions for relocation of its corporate headquarters to Texas.

Profits at the department store companies, as a group, are lagging behind other retail formats this year, just as they did last year. The most notable of them is Dayton Hudson, where profits are down almost 19% for the first half.

But Dayton Hudson's problems had less to do with its department stores than they do with its troubled Mervyn's promotional chain, which is struggling in a competitive California market.

Also in California, Dayton Hud-

| Second quarter profits outpace small sales gains |                               |                  |               |                            |                    |               |
|--------------------------------------------------|-------------------------------|------------------|---------------|----------------------------|--------------------|---------------|
| Chain                                            | 2nd quarter<br>(\$00 omitted) |                  |               | 1st half<br>(\$00 omitted) |                    |               |
|                                                  | 1986                          | 1987             | % change      | 1986                       | 1987               | % change      |
| J. C. Penney                                     | \$ 46,000                     | \$103,000        | + 123.9       | \$ 109,000                 | \$ 157,000         | + 44.0        |
| Sears                                            | 166,200                       | 170,800          | + 2.8         | 208,300                    | 202,100            | - 3.0         |
| Montgomery Ward                                  | 14,000                        | 19,000           | + 35.7        | 16,000                     | 27,000             | + 68.8        |
| <b>Subtotal</b>                                  | <b>\$220,200</b>              | <b>\$292,800</b> | <b>+ 29.4</b> | <b>\$ 333,300</b>          | <b>\$ 386,100</b>  | <b>+ 15.8</b> |
| Ames                                             | 6,267                         | 1,772            | - 71.7        | 12,052                     | 8,724              | - 27.6        |
| Dollar General                                   | 2,447                         | 2,007            | - 1.8         | 713                        | 476                | - 33.2        |
| Hills                                            | (9,979)                       | (6,361)          | N.M.          | (68,434)                   | (23,147)           | N.M.          |
| Jamesway                                         | 2,589                         | 2,858            | + 10.4        | 3,455                      | 4,131              | + 19.6        |
| K mart                                           | 118,400                       | 145,400          | + 22.8        | 210,500                    | 260,900            | + 23.9        |
| Roses                                            | 3,773                         | 3,076            | - 18.5        | 10,288                     | 10,765             | + 4.6         |
| Wal-Mart                                         | 95,864                        | 134,071          | + 39.8        | 169,255                    | 244,460            | + 44.4        |
| F. W. Woolworth                                  | 31,000                        | 37,000           | + 19.4        | 51,000                     | 66,000             | + 29.4        |
| Zayre                                            | 5,610                         | 78,246           | N.M.          | 22,306                     | 99,244             | + 344.9       |
| <b>Subtotal</b>                                  | <b>\$220,271</b>              | <b>\$398,089</b> | <b>+ 74.5</b> | <b>\$ 411,135</b>          | <b>\$ 671,583</b>  | <b>+ 63.5</b> |
| Carson Pirie Scott                               | (829)                         | (45,663)         | N.M.          | (3,605)                    | (45,258)           | N.M.          |
| Dayton Hudson                                    | 40,600                        | 23,000           | - 43.4        | 75,300                     | 61,100             | - 18.9        |
| Dillard                                          | 11,501                        | 12,413           | + 7.9         | 23,297                     | 26,915             | + 15.5        |
| Federated                                        | 34,519                        | 30,058           | - 13.1        | 81,868                     | 80,162             | - 2.1         |
| D. H. Holmes                                     | (660)                         | (1,539)          | N.M.          | (1,604)                    | (2,648)            | N.M.          |
| May Dept. Stores                                 | 48,000                        | 61,000           | + 27.1        | 94,000                     | 125,000            | + 33.0        |
| Mercantile                                       | 14,123                        | 17,979           | + 27.3        | 35,770                     | 45,076             | + 26.0        |
| Nordstrom                                        | 20,549                        | 24,464           | + 19.0        | 29,990                     | 39,677             | + 32.3        |
| Strawbridge Clothier                             | 1,414                         | 2,059            | + 45.6        | 3,526                      | 5,082              | + 44.1        |
| <b>Subtotal</b>                                  | <b>\$189,217</b>              | <b>\$123,771</b> | <b>- 25.9</b> | <b>\$ 338,542</b>          | <b>\$ 335,186</b>  | <b>- 1.0</b>  |
| Oshman's                                         | 296                           | (654)            | N.M.          | (1,615)                    | (2,305)            | N.M.          |
| Toys "R" Us                                      | 13,062                        | 16,651           | + 27.5        | 23,402                     | 31,174             | + 33.2        |
| <b>Subtotal</b>                                  | <b>\$ 13,358</b>              | <b>\$ 15,997</b> | <b>+ 19.8</b> | <b>\$ 21,787</b>           | <b>\$ 28,869</b>   | <b>+ 32.5</b> |
| Clothestime                                      | 4,460                         | 5,214            | + 16.9        | 6,261                      | 7,770              | + 24.1        |
| Edison Brothers                                  | 4,500                         | (9,703)          | N.M.          | 9,200                      | (10,800)           | N.M.          |
| The Gap                                          | 8,394                         | 13,126           | + 56.4        | 18,618                     | 29,291             | + 57.3        |
| The Limited                                      | 40,220                        | 57,161           | + 42.1        | 71,622                     | 102,618            | + 43.3        |
| Ross                                             | (515)                         | 4,736            | N.M.          | (6,812)                    | 556                | N.M.          |
| <b>Subtotal</b>                                  | <b>\$ 57,059</b>              | <b>\$ 70,537</b> | <b>+ 23.6</b> | <b>\$ 98,899</b>           | <b>\$ 129,435</b>  | <b>+ 30.9</b> |
| Best Buy                                         | 1,370                         | 808              | - 41.0        | 1,200                      | 1,600              | + 33.3        |
| Audio-Video Affiliate                            | 1,984                         | 1,359            | - 31.5        | 12,052                     | 8,724              | - 27.6        |
| <b>Subtotal</b>                                  | <b>\$ 3,354</b>               | <b>\$ 2,167</b>  | <b>- 35.4</b> | <b>\$ 13,252</b>           | <b>\$ 10,324</b>   | <b>- 22.1</b> |
| <b>Total</b>                                     | <b>\$897,259</b>              | <b>\$983,341</b> | <b>+ 35.4</b> | <b>\$1,210,905</b>         | <b>\$1,561,397</b> | <b>+ 28.4</b> |

\*Continuing operations only \*Consolidated operations only \*Excludes unusual items \*U.S. merchandising only  
( ) Indicates loss N.C. No change N.M. Not meaningful  
Source: Chain Store Age research

son's discount store division is eating up a significant amount of cash to convert some 50 former Gemco locations into Target stores.

Federated Department Stores, however, laid the blame for its 13% quarterly earnings dip and 2% drop in the first half squarely on the shoulders of its two largest headquarters department store chains—Houston-based Foley's and Columbus-headquartered Lazarus.

"These two divisions are involved in major merger and consolidation programs," explained Federated chairman/ceo Howard Goldfeder.

"Second quarter operating costs related to these programs exceeded management expectations. Additionally, earnings for the period were depressed by the assimilation of Block's into Lazarus and the continued impact of the stagnant oil economy in key Foley's markets,"

Goldfeder said.

St. Louis-based May Department Stores, the largest of the diversified retailers, posted a 27.1% earnings gain in the most recent quarter, with first half figures rising 33%.

The discount stores were the quarter's strongest profit performers, and, as usual, Wal-Mart led the pack. The Bentonville, Ark.-based chain recorded a 39.8% earnings hike in the second quarter, just below its 44.4% first half pace.

Zayre Corp. posted a \$77 million profit gain in the first half compared to last year's dismal results, but the increase was the result of \$90 million the company gained when it sold off a 17.5% stake of it TJX Companies to the public.

Management at Zayre attributed its losses to continuing disappointing results in its discount store division and to certain other charges.



## Slow sales blamed on late holiday

Did a week-late Labor Day fool Wall Street? The holiday fell on September 7 this year and pushed nearly a week's worth of back-to-school sales out of the August reporting period and into September.

Most retailers, then, reported less than spectacular August results when compared to last year's figures. Wall Street reacted in typical form, and retail company stock prices took a nosedive.

The Limited, a Wall Street favorite this year, recorded same-store results up only 2% for the month, and the news precipitated a seven point drop in the company's stock price.

Wall Street may have overreacted, however, as many merchants experienced healthy sales in the month's final days, auguring a good September, instead of the usual August, B-T-S.

Compared to year-ago totals, the 19 retail companies tracked by *Chain Store Age* recorded an 8.6% sales uptick in August. For the seven-month fiscal year, sales are ahead a combined 10.1%.

Though August figures may be artificially low, the month's results are nonetheless the fourth consecutive reporting period in which the year-to-date pace has outdistanced monthly totals.

Among the weakest performers for the month were the national mass merchants. Sears reported same-store results down 0.3% in August. J. C. Penney comparable-store totals gained a modest 2.7%. Montgomery Ward did not break out same-store results, but its overall sales increased only 1%.

Elsewhere, results were more encouraging. May Department Stores reported same-store figures ahead 7.3% for its department store divisions, and 6.7% at its Connecticut-based Caldor discount chain. For May's St. Louis-based Venture discount stores, comparable-store sales dipped 4.1%.

Dayton Hudson recorded company-wide sales up 14.2%, but results were uneven across its retail business segments. Same-stores figures gained 11% for hardlines specialist Lechmere, 5% for Mervyn's, 3% at the department stores, and 1% for Target discount stores.

Discounter Wal-Mart, mean-

## Late B-T-S trims August sales

| Major chains                    | % change | August sales* |             | Stores |       | 7-mo. sales* |              | % change |
|---------------------------------|----------|---------------|-------------|--------|-------|--------------|--------------|----------|
|                                 |          | 1987          | 1986        | 1987   | 1986  | 1987         | 1986         |          |
| Sears <sup>1,2</sup>            | N.C.     | \$ 2,050,818  | \$2,051,677 | 808    | 799   | \$14,510,865 | \$14,090,123 | + 3.0    |
| Penney <sup>1</sup>             | + 3.4    | 1,089,000     | 1,053,000   | 1,846  | 1,877 | 7,012,000    | 6,738,000    | + 4.1    |
| Ward                            | + 1.0    | 345,300       | 341,800     | 298    | 292   | 2,371,300    | 2,224,700    | + 6.6    |
| May Dept. Stores                | + 7.0    | 776,600       | 726,100     | 2,866  | 2,210 | 5,427,400    | 4,963,300    | + 9.4    |
| Dayton Hudson                   | + 14.2   | 804,800       | 704,800     | 513    | 418   | 5,157,600    | 4,525,800    | + 14.0   |
| Federated <sup>1</sup>          | + 5.7    | 681,100       | 644,300     | 650    | 620   | 4,547,800    | 4,311,400    | + 5.5    |
| Carter Hawley Hale              | + 4.8    | 186,900       | 178,400     | 112    | 112   | 1,351,300    | 1,278,600    | + 5.7    |
| Mercantile                      | + 2.2    | 160,893       | 157,413     | 79     | 82    | 1,088,733    | 1,028,946    | + 5.8    |
| Carson Pirie Scott <sup>1</sup> | + 9.2    | 82,700        | 75,713      | N/A    | N/A   | 445,000      | 384,072      | + 15.9   |
| K mart <sup>1,3</sup>           | + 6.5    | 1,766,400     | 1,657,800   | 2,202  | 2,185 | 13,171,200   | 12,214,300   | + 7.8    |
| Wal-Mart                        | + 32.6   | 1,363,000     | 1,028,000   | 1,150  | 967   | 8,307,000    | 6,143,000    | + 35.2   |
| Zayre                           | + 13.5   | 488,300       | 430,100     | 1,139  | 1,040 | 3,188,400    | 2,715,100    | + 17.4   |
| Woolworth <sup>1</sup>          | + 7.7    | 361,000       | 335,000     | N/A    | N/A   | 2,226,000    | 2,089,000    | + 6.6    |
| Ames                            | + 11.2   | 153,600       | 138,100     | 468    | 452   | 1,085,600    | 951,400      | + 14.1   |
| Bradlees                        | + 4.4    | 142,000       | 136,000     | 167    | 157   | 1,009,000    | 915,000      | + 10.3   |
| Tandy <sup>1</sup>              | + 15.4   | 235,857       | 204,473     | N/A    | N/A   | 1,604,206    | 1,456,292    | + 10.2   |
| Circuit City                    | + 28.9   | 102,500       | 79,500      | 92     | 76    | 602,800      | 437,300      | + 37.8   |
| Federated Group                 | - 9.9    | 27,300        | 30,300      | 66     | 61    | 203,500      | 215,100      | - 5.4    |
| Best Buy                        | + 115.4  | 32,100        | 14,900      | 29     | 14    | 187,100      | 86,854       | + 115.4  |
| Totals & Averages               | + 8.6    | \$10,850,168  | \$9,987,376 | —      | —     | \$73,496,804 | \$66,768,287 | + 10.1   |

\*000 omitted. N.C. = no change. N/A = not available.

<sup>1</sup>Store number for full-line outlets only.

<sup>2</sup>Domestic operations only. <sup>3</sup>Excludes supermarket sales. <sup>4</sup>Retail division only.

<sup>5</sup>Continuing operations only. <sup>6</sup>Store number for K mart stores only.

while, continues on its own sales upswing, apparently immune to trends affecting the rest of the industry. Despite the delayed back-to-school shopping season, the Bentonville, Ark.-based chain recorded overall sales ahead nearly 33% with same-store results up 10%.

K mart recorded a 6.5% overall gain. Zayre reported sales up 13.5% for the month. Braintree, Mass.-based Bradlees discount stores said that its sales gained 4% in August, but that comparable-store results increased only 1%.

Connecticut-based Ames, which operates both discount and variety stores in the Northeast, reported

sales up 11.2% in August.

Among the department stores, Carter Hawley Hale said that its same-store sales were ahead 3% for the month and are up 3.7% in the first seven months. Mercantile reported comparable-store results ahead 3.2% in August and 4% for the year-to-date.

Generally, sales for the electronics specialists were higher than many expected. Tandy's Radio Shack stores recorded same-store sales up 11% for the month. Richmond, Va.-based Circuit City reported volume 28.9% ahead of last year. Minneapolis-based Best Buy increased sales by 115%.

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